EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

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Wednesday January 15 1992

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STOCK MARKETS
Tokyo gets a grip on derivatives
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## World News

### Rightwingers threaten Shamir over peace talks

Extreme rightwing members of Israel's government stepped up threats to quit prime minister Yitzhak Shamir's coalition, a move likely to presage an early general election, in protest against negotiations on Palestinian self-government in the occupied territories.

Their action was prompted by news from Washington that Israeli and Palestinian negotiators had exchanged proposals covering autonomy. Page 14

**Algeria's new rulers**
A broad-based committee including religious and human-rights leaders has been handed power in Algeria by the military-dominated council which took control of the country at the weekend. Page 4

**Soviet navy pulls out**
Warships of the former Soviet navy have pulled out of the Mediterranean and the Indian Ocean for the first time in 30 years, British defence secretary Tom King said in London.

**Socialist HQ searched**
A magistrate investigating a scandal over illegal party funding searched the headquarters of France's ruling Socialist Party, which said it had nothing to hide.

**MEPs back Klepsch**
Egon Klepsch, German leader of Christian Democrat MEPs, won a relatively easy victory over three rivals to become new president of the European Parliament. Page 2

**Koreans angry at visit**
Hundreds of demonstrators marched through Seoul in protest against this week's visit by Japanese prime minister Kiichi Miyazawa. Vietnamese aid plan, page 4

**Spanish crisis defused**
Spanish prime minister Felipe González moved quickly to appoint José Antonio Griñan as health minister following the resignation of Julián García Valverde over a land scandal. Earlier story, Page 2

**Cambodians agree**
The rival Cambodian factions agreed to allow new political parties and a free press as the Red Cross gained its first access to political prisoners due to be released. Page 4

**Mercy appeal to Cuba**
The White House called on Cuba to reverse its decision to execute three Cuban-born men from Miami convicted on terrorism charges.

**Italian wine scandal**
Police confiscated 4m litres (880,000 gallons) of wine in northern Italy and arrested four men in an alleged wine doctoring scandal. Page 2

**Township deaths probe**
A judge appointed to investigate South Africa's political violence said he would look into newspaper allegations that the defence force was behind killings in black townships. Page 4

**Albania accuses Greece**
Six Albanian refugees who crossed the border into Greece illegally were severely beaten by Greek authorities and two of them died, an Albanian Foreign Ministry official claimed. Greece denied the charge.

**Bulgarian N-plant fear**
Bulgaria said it had started up a new reactor at its controversial nuclear power plant on the Romanian border but denied a German charge that a dangerous old reactor had been reactivated.

**Amnesty's torture plea**
Amnesty International called on the British government to outlaw manufacture of equipment which can be used only for executions or torture. It said UK firms had exported gallows, leg irons and even an electronic torture chamber.

## Business Summary

### I G Metall to limit pay claims to single figures

I G METALL, 4m-strong German engineering and metal workers' union, backed away from double-digit pay rise demands which have been a significant factor behind the Bundesbank's high interest rate policy.
However, the union also called a strike ballot among its 135,000 steel industry members, whose 10.5 per cent claim has been rejected by employers.
Page 14

THYSSEN STAHL, Germany's biggest steelmaker, is to cut 2,000 jobs and reduce output by 4 *per cent following a 42* per cent slump in profits last year. Page 16

US ECONOMY sagged at the end of last year, giving retailers their worst year in at least two decades, with retail sales falling 0.4 per cent last month, before allowing for inflation. Page 14

JAPANESE carmakers operating in the US have attacked GM, Ford and Chrysler, accusing the Big Three US motor manufacturers of being unable "to change to meet worldwide competition". Page 3

BCCI: The worldwide liquidation of Bank of Credit and Commerce International moved ahead as the High Court in London issued a winding-up order against BCCI SA, Luxembourg arm of the group, which controlled various national branches. Page 7

AMERICAN Telephone & Telegraph and state-owned PTT Telecom of the Netherlands have formed a joint venture with the Ukraine government to modernise and operate the republic's long-distance and international *telecommunica*tions network. Page 15

FISONS chairman and chief executive John Kerridge resigned from the UK drugs and scientific equipment company that has been the subject of mounting criticism from institutional shareholders in *recent months. Page 15; Lex,* Page 14

DOW CORNING Corp is under a financial shadow as controversy over the safety of silicone breast implants turned into a public furore across the US. Page 18

INDIA'S trade deficit declined sharply to $1.34bn between April and September 1991, against $3.04bn in the corresponding period of 1990. Page 4

ARGENTINA has bettered stringent International Monetary Fund economic targets for the final quarter of 1991, paving the way for further international loans this spring. Page 6

AIR FRANCE expects to conclude a partnership agreement with Belgian flag carrier Sabena this year leading to the development of Brussels as a new European airline hub. Page 15

TOKYO Stock Exchange says a task force will be set up to "reform" Japan's stock derivatives markets, a move that could hurt foreign securities houses. Page 15

GROUPE BULL, ailing French computer manufacturer, is close to a decision on which US computer company it will choose as technology and equity partner. Page 15

BRITAIN'S producer output prices slowed their rate of *increase in the 12 months to* last December, supporting government hopes that pressures on prices would continue to ease. Page 7; UK household spending, Page 8; Lex, Page 14

RUSSIAN agriculture minister Viktor Khlystun said his country's producers could begin to meet domestic needs in 1994. Russia imported 16m tonnes of grain last year. Page 24

# EC prepares to recognise Yugoslav republics

THE FIRST United Nations peace observers arrived in Yugoslavia yesterday as the European Community prepared to recognise the breakaway republics of Croatia and Serbia from today, Our Foreign Staff writes.

In Lisbon, Mr Joao de Deus Pinheiro, foreign minister of Portugal, current holder of the EC presidency, confirmed that all 12 Community members were expected to meet today's deadline for recognising the two republics.

However, EC differences about the next political steps were underlined when Greece started a diplomatic campaign to prevent Community recognition of a third Yugoslav republic, Macedonia.

Both Mr Deus Pinheiro and Mr Douglas Hurd, the UK foreign secretary, who was speaking in London, cautioned against exaggerating hopes of a peace breakthrough in Yugoslavia. "The question of recognition is not the central question at the moment", Mr Deus Pinheiuro said.

Their comments came against the background of a hardline restatement of views in Yugoslavia. In Zagreb, Mr Franjo Tudjman, Croatia's president, vowed to recover all territory lost to Serbia during the last six months of the war.

Mr Tudjman made clear his expectation that a full-scale UN peacekeeping force, which could be dispatched to the area next month, would help ensure that Croatia won back its territory. If this failed "the Croatian people, who have succeeded in defending themselves, will save their entire land", he said.

The UN peace plan sponsored by Mr Cyrus Vance, the former US secretary of state, calls for the withdrawal of the Serb-dominated federal army from Croatia and the disarming of all paramilitary forces.

Mr Hurd, addressing a parliamentary foreign affairs committee, said 10,000 UN troops could be sent to the region in three to four weeks' time as part of the peace plan. The 50-member UN advance team which arrived yesterday will be based in Belgrade and Zagreb and will liaise between Croatia and the federal army.

Colonel John Wilson, an Australian, who is heading the team of unarmed UN officers from 18 countries, said in Belgrade that the mission would help observe the latest ceasefire – the 15th since June.

In spite of approval from Mr Slobodan Milosevic, the Serbian president, Serb leaders from Croatia have rejected the UN plan. Mr Milan Babic, the leader of the self-proclaimed Serbian republic of Krajina in southern Croatia, said: "The UN troops will be deployed to stop bloodshed" but added that they would not be there to disarm Serbians in Krajina.

On the question of recognition for Macedonia, Mr Constantine Mitsotakis, Greek prime minister, held talks in Bonn and Rome to press demands that no further steps be taken until Macedonia drops an implied territorial claim on northern Greece.

Mr Hurd attempted to play down the EC rift over Slovenia and Croatia. The plan to recognise the two republics was forced through by Germany at an EC meeting last month, causing ill-feeling in other capitals.

War hangover, Page 2

# Iraq could have made four atom bombs a year

By Clive Cookson in London, Quentin Peel in Bonn and Lionel Barber in Washington

IRAQ has acknowledged *to* United Nations inspectors for the first time that it had a large-scale uranium enrichment programme.

It could have made enough uranium to build four atomic bombs per year of the size and type dropped by the US on the Japanese city of Nagasaki in 1945.

The inspectors have no evidence that Iraq actually completed a nuclear bomb, though it is possible that one was made and remains hidden.

Mr Robert Gallucci, who led the latest UN inspection visit to Iraq, said in Bahrain yesterday that the Iraqis admitted running enrichment centrifuges on a production scale, rather than just a research scale.

A colleague at UN headquarters in New York, Mr David Dorn, said Iraq might have run as many as 10,000 gas centrifuges to convert natural uranium into material rich in U235, the isotope required for an atomic bomb.

*Centrifuges, which spin* uranium hexafluoride gas very rapidly to separate the scarce U235 from the heavier U238, are regarded as state-of-the-art enrichment technology in the west, both for military purposes and for civil nuclear reactors. The uranium has to pass through "cascades" of hundreds or even thousands of centrifuges before it is rich enough in U235 to fuel a reactor or bomb.

It emerged yesterday that German engineers had played a key role in supplying materials for the centrifuges. About five German companies are facing criminal proceedings for illegal exports of nuclear-related equipment to Iraq, according to officials in Bonn.

All the companies were involved in exporting parts and equipment which could be used to make gas centrifuges to enrich uranium, but some of these could have a dual use and therefore may prove not to be illegally exported, the German Foreign Ministry said.

Full details of the equipment supplied, including magnets, special machine tools, and casings for centrifuges, were handed by the German authorities to the UN special disarmament commission for Iraq last week. Mr Gallucci held talks with the German investigators in Bonn on January 9.

"The aim of this action is to show that we are in earnest in the exposure of illegal exports to Iraq," a Foreign Ministry official said. "We are determined to help the UN commission do its work properly by confronting Iraq with the evidence."

In Washington, US officials predicted that the latest disclosures would lead to stepped-up UN inspections of undeclared sites. An option is for UN inspectors to destroy facilities dedicated entirely or partly to Iraq's nuclear and unconventional weapons programme in order to humiliate President Saddam Hussein, one US official said yesterday.

US policy of using UN economic sanctions to maintain pressure on the Saddam regime is thought unlikely to change.

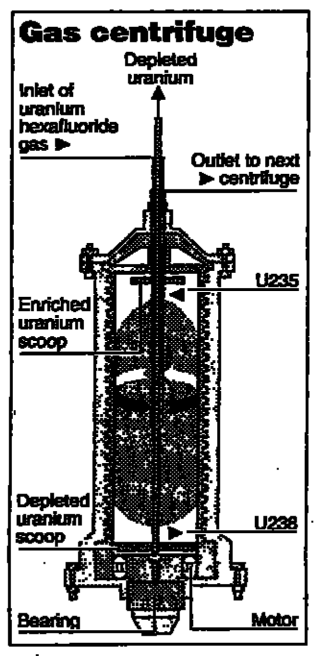
The administration has little appetite for an open-ended involvement in Iraq's internal affairs – and there is widespread scepticism about the value of using covert action against Mr Saddam. The US still hopes the impact of sanctions will encourage army dissidents to remove the Iraqi president.

Mr Gallucci said the Iraqis acknowledged importing German components for their centrifuges, but they had destroyed these and shown the UN inspectors only their remains.

Mr Dorn doubted whether Iraq had, in fact, destroyed all its enrichment facilities. He said small clusters of centrifuges might still be concealed in various parts of the country.

The arms bazaar, Page 19

**Gas centrifuge**




U235, the basis of nuclear fission, is separated from the more abundant U238 by spinning it as a gas (uranium hexafluoride – $UF_6$) in a centrifuge. The heavier U238 tends to move to the outside of the cylinder, while U235 remains near the middle. The gas has to pass through a cascade of thousands of centrifuges to achieve the level of enrichment required for an atomic bomb

Unnoticed and unmourned by his own people, Mikhail Gorbachev was the centre of media attention yesterday when he arrived for his first day of work as an ordinary citizen after six years as Soviet president, writes Leyla Boulton in Moscow.

His first appointment could not have been more appropriate. It was with Dr Henry Kissinger, the former US secretary of state, a fellow elder statesman who helped change the face of international relations with an earlier round of superpower detente.

Mr Gorbachev now plans to combine an unspecified dose of politics with public speaking, writing and research.

Since he was pushed out of the Kremlin by Russian president Boris Yeltsin last month, he has moved to a three-room apartment in south-west Moscow with his wife Raisa. It is close to his new office as chairman of the so-called Gorbachev Fund, an international centre for political, social and economic research.

Mr Gorbachev may still provide a few surprises. Thirteen top government officials and army commanders involved in the August coup were formally charged yesterday with conspiring to seize power. Some Russian officials have suggested that the 13 have potentially explosive material on the former Soviet leader. Newspapers have speculated that Mr Gorbachev may be prosecuted for receiving intelligence reports on his political opponents while in power.

Yeltsin dismisses parliamentary attack, Page 2

# MCC executives signed for £339m cash transfers

By Bronwen Maddox in London

SIGNATURES of three executives of Maxwell Communication Corporation, as well as those of Mr Robert Maxwell and his sons, were on documents authorising the transfer of £339m ($607m) from MCC which investigators suspect was used for an *illegal share* support operation.

New evidence contained in a confidential report by accountants Price Waterhouse shows that between April and July last year transfers of money to Mr Maxwell's private companies stripped MCC of all liquid assets, plunging its head office bank account to a £105m overdraft, on top of its other debts of £1.6bn.

Although there was nothing illegal in the transfer of these funds Mr David Lee of Price Waterhouse said yesterday: "It is a coincidence too great to be overlooked that MCC's money flowed out in mid 1991 at the same time as its shares rock*eted - some of these large pay*ments were probably used to support its own shares."

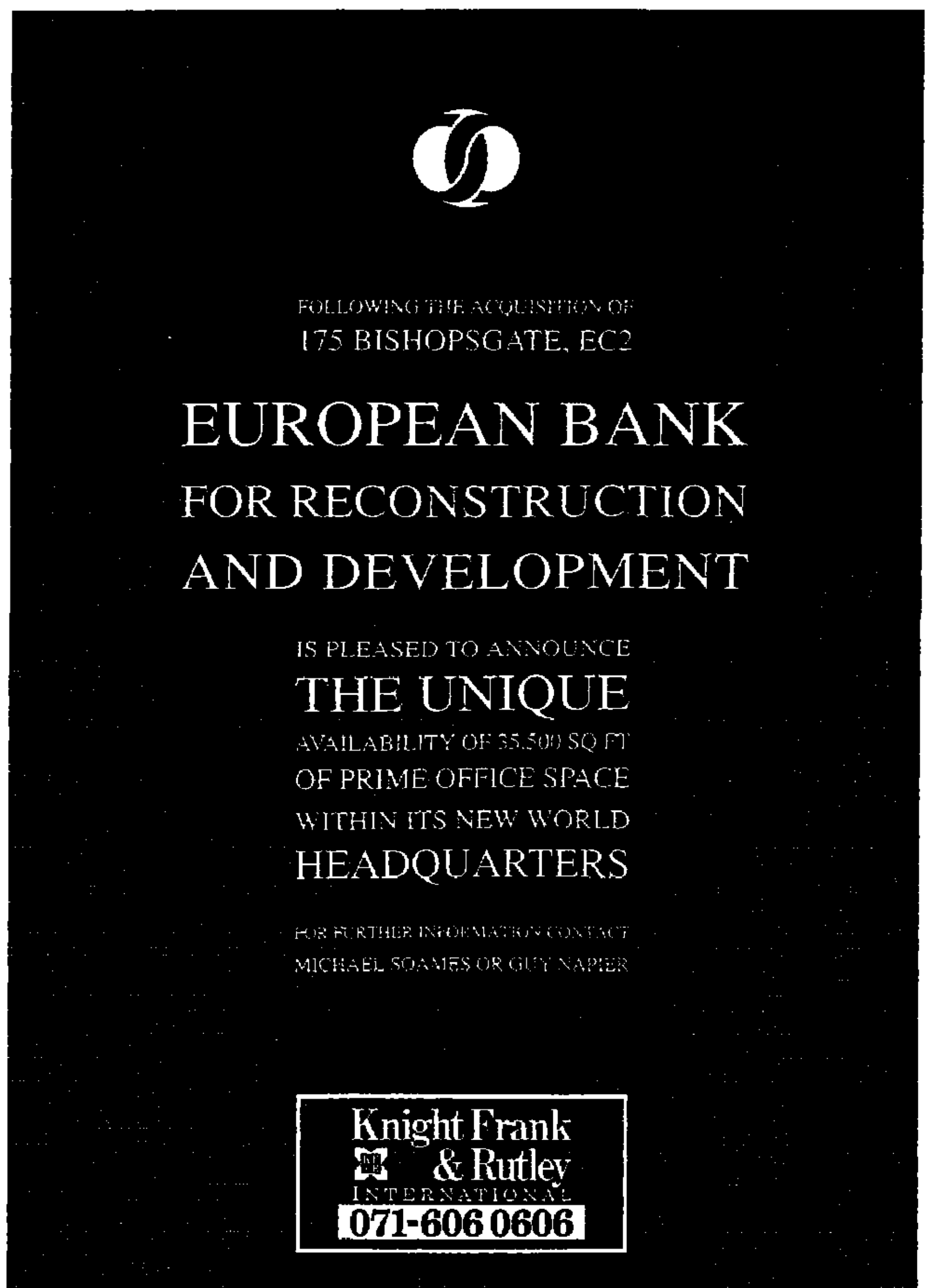
Between March and June 1991 the MCC share price surged from 150p to 240p.

The report, codenamed Project Lucy, calculates that Mr Maxwell would have needed to spend around £300m to take his private shareholding in MCC from 51 per cent in mid-1990 to 79 per cent at his death on November 5. Mr Lee said that most of the £339m transfered from MCC might prove to have been used in supporting its own shares.

All the MCC shares owned by Mr Maxwell were eventually pledged to bank creditors *of his private companies as* security. These shares are now regarded as worthless by the banks, which face losses of hundreds of millions of pounds.

The alleged share support scheme, which used secret Continued on Page 14

Management, Page 9
Editorial comment, Page 12
Sinking funds, Page 12




## CONTENTS



**Politics of bribery claims a fresh victim in Japan**

By Japanese political standards, the downfall of Mr Fumio Abe, the senior Japanese politician arrested on Monday for alleged bribe taking, has more to do with ineptitude than corruption
Page 4



## MARKETS

**STERLING**
**New York:**
$1.7845 (1.7985)
**London:**
$1.7915 (1.803)
DM2.85 (2.835)
FFr9.72 (9.6775)
SFr2.5275 (2.5225)
Y227.25 (228.5)
£ Index 90.4 (90.2)

**GOLD**
**New York Comex Feb**
$355.2 (354.5)
**London:**
$353.9 (353.95)

**N SEA OIL** (Argus)
Brent 15-day
$17.675 (17.925)

Chief price changes yesterday: Page 15

**DOLLAR**
**New York:**
DM1.593 (1.578)
FFr5.43 (5.384)
SFr1.4115 (1.4052)
Y126.85 (127.055)
**London:**
DM1.5905 (1.5725)
FFr5.425 (5.3675)
SFr1.4115 (1.3995)
Y126.8 (126.8)
$ Index 62.0 (62.2)
**Tokyo close:** Y126.05

US RATES
Fed Funds: 4% (3$\frac{7}{8}$)
**3-mo Treasury Bills:**
3.901% (3.899)
**Long Bond:**
105$\frac{13}{32}$ (105$\frac{23}{32}$)
yield: 7.536% (7.51)

**STOCK INDICES**
**FT-SE 100:**
2,516.3 (+26.2)
**FT-A All-Share:**
1,197.28 (+0.9)
**FT-SE Eurotrack 100:**
1,112.87 (+7.85)
**FT-A World Index:**
148.16 (+0.7)
**New York:**
DJ Ind. Av.
3,246.2 (+60.6)
S&P Comp
420.44 (+6.1)
**Tokyo:** Nikkei
21,775.13 (+78.27)

**LONDON MONEY**
**3-month Interbank:**
10$\frac{11}{16}$% (10$\frac{3}{4}$)
**Liffe long gilt future:**
Mar 96$\frac{7}{8}$ (Mar 96$\frac{3}{8}$)

'You cannot throw away governments like old socks,' says Russian leader

# Yeltsin dismisses parliamentary attack

By John Lloyd in Moscow

MR Ruslan Khasbulatov, the increasingly powerful chairman of the Russian parliament, was yesterday unrepentant about his demands for the resignation of the Russian government despite a withering riposte from Mr Boris Yeltsin, the Russian president.

Mr Yeltsin, speaking before flying to the city of Bryansk to face more consumers angered by price rises, declared: "You cannot throw away governments like old socks... It is easier to pass laws than to implement them."

Responding to Mr Khasbulatov's call on Monday for him to distance himself from the government, Mr Yeltsin said curtly: "Any leader can have an emotional outburst."

But Mr Khasbulatov, who is the main spokesman for parliament's anxiety over the huge price rises, was categoric: "My remarks yesterday were not merely improvised. I was careful in what I said. I hear everyone calling for a change in the present economic reform process: many deputies, including democrats, and non-democrats, specialists, heads of plants and enterprises both state-owned and not state-owned. We are fed up with experiments: we have had enough of them."

Mr Khasbulatov, speaking in his high-ceiling chamber in the Russian "White House", told the FT he was prepared to use parliamentary authority to hobble Mr Yeltsin, who was voted sweeping powers last year to push through his emergency programme. Though insisting he was a close supporter and adviser of the president, Mr Khasbulatov said he was determined that parliament should be equal to the presidency, even if that meant the removal of the present government headed by Mr Yeltsin.

His main target – though not by name – is Mr Yegor Gaidar, the deputy prime minister in charge of economic reform. Mr Gaidar, and his team of foreign advisers – who include Professor Jeffrey Sachs of Harvard and Professor Richard Layard of London School of Economics – are now under unremitting fire from within the Russian power structure. Their attackers include Mr Georgy Matiukhin, chairman of the Russian Central Bank, who in a separate interview yesterday said they were "all saying different things at different times."

Of his own recent trip to the provincial city of Ryazan, he said: "It was terrible, but I was not surprised. The realities confirmed my gloomiest expectations.

"The government has left completely on the side all the problems of privatisation. Ninety per cent of our economy is state-owned.

"Price rises will change nothing if the process of privatising and selling-off of state property is not set in motion," he said.

He again called for Mr Yeltsin to resign as head of the cabinet of ministers. "We must protect the institution of the presidency. I said it at the beginning, and I say it again now: it was a great mistake for Yeltsin to head the government. We [the parliament] made a big mistake by accepting that we should contradict the constitution, and when we granted [last October] the right to the president to nominate the government. Now we are going to change that law so that the government and its structure must be discussed and approved by parliament."

Russia 'will feed itself by 1994,' Page 24

**Prosecutors yesterday formally charged 13 people, including the former Soviet prime minister, KGB chief and defence minister, with conspiracy to seize power during the failed coup in August that led to the downfall of the Soviet Union, AP-DJ reports from Moscow.**

**Some could face the death penalty. No trial date has been set.**

**The charges cap a four-month investigation and the gathering of 125 volumes of evidence, the Tass news agency said. In addition to the alleged plotters, the actions of the KGB, the armed forces, and Communist party and other institutions were reviewed, Tass said.**

**Among those charged were former Soviet KGB chief Vladimir Kryuchkov, prime minister Valentin Pavlov, defence minister Dmitri Yazov, Supreme Soviet chairman Anatoly Lukyanov and vice-president Gennady Yanayev.**

**All but two of the 13 suspects remain in prison. Ex-KGB Gen Viktor Grushko and the former chief of staff to former Soviet President Mikhail Gorbachev, Valery Boldin, have been freed and sent to hospitals on health grounds.**

# Foreign debt bank says delays 'temporary'

By David Waller in Frankfurt

VNESHECONOMBANK, the bank responsible for servicing the former Soviet Union's debts, yesterday told western bankers to expect "temporary interruptions" in the prompt payment of interest and repayment of principal in the months ahead. It added that it had every intention of bringing all payments up to date as soon as the necessary funds were available.

The news, communicated at a meeting convened in Frankfurt at the request of Vnesheconombank and the Russia central bank, was not as bad as some bankers had expected following remarks last week by Mr Georgy Matiukhin, chairman of the Russian central bank, who said then that Russia would be seeking a full deferral of interest payments at yesterday's meeting.

This would have meant a serious breach of the agreement reached on December 17, when creditor banks agreed to an arrangement whereby Vnesheconombank would defer repayments of principal on certain types of debt for three months whilst continuing to pay interest. According to last night's statement from Deutsche Bank, co-ordinating the talks on behalf of western creditors, Vnesheconombank yesterday emphasised that it was not abrogating last month's deal by making a unilateral suspension of interest.

Vnesheconombank explained that new procedures to garner hard currency funds to service foreign debt had not yet come into full effect and that the former Soviet Union had liquidity problems. According to the Deutsche Bank statement, the committee was informed that "until the new measures were fully operational there may be temporary interruptions in the timely payment of interest" and certain other categories of debt not included in last month's agreement. The agreement covers only debt to private banks taken up before January 1 last year and due for repayment between December 5 last year and March 30, excluding public issues and bond placements as well as short-term debts and facilities.

The statement said that Vnesheconombank's role as debt manager for the former Soviet Union would not be affected by the transfer of the bank's commercial activities to various Russian banks under a degree passed by the Russian parliament this week.

Under the terms of that decree, the bank is likely to be split into three parts – one acting as an agency for foreign debt servicing, the second as an independent commercial bank, and the third being merged with Vneshtorgbank, the Russian foreign economic bank.

# González appoints new health minister

By Peter Bruce in Madrid

SPAIN'S prime minister, Mr Felipe González, moved quickly last night to resolve a delicate political crisis by naming a successor as health minister to Mr Julian Garcia Valverde, who was forced to resign.

Mr González, to whom cabinet changes are anathema, appointed Mr José Antonio Griñán, an ally from his own province of Andalucia who previously held the health portfolio there.

Mr Garcia Valverde was forced to resign because of a growing scandal surrounding land speculation near Madrid by the state railway monopoly, Renfe, of which he was president before being promoted to the government nearly a year ago. He thus became the first minister in any of Mr González's governments since the Socialists first came to power in 1982 to resign as a direct result of corruption charges, despite a string of political scandals.

El Pais, the country's biggest newspaper, yesterday welcomed the resignation.

"In a country that seems to be getting used to a rigid division between the reality of the lives of its citizens and their political leaders, and in which the word resignation appears to have no place, Mr Garcia Valverde's decision is highly significant," it said.

By taking responsibility for a series of payments by Renfe to intermediaries in order to buy land which it hoped to sell later to finance the construction of a new railway line, Mr Garcia Valverde has overnight converted himself into a minor folk hero.

Last year alone the government was caught up in at least four serious corruption scandals.

Mr González, who is anxious to discard his government's shaky ethical image, has resisted using the resignation as an excuse for a large cabinet reshuffle.

But there are serious doubts about the health of his veteran foreign minister, Mr Francisco Fernández Ordóñez, who missed last month's Maastricht summit because of illness.

# Polish aircraft workers strike

ABOUT 50,000 workers in Poland's aircraft factories staged a one-day strike yesterday to demand government support for the industry, a spokesman for the strikers said, Reuter reports from Warsaw. The action followed deadlock in talks with the government which refuses to finance restructuring of the industry, troubled by the collapse of trade with the former Soviet Union.

The UN liaison team's commander, Col John Wilson, makes contact with the press at Belgrade airport

# Croats wake up to war hangover

By Judy Dempsey in Zagreb

SEVERAL European Community countries will today recognise the independence of Croatia after a six-month war in which thousands have been killed, 600,000 people have been made homeless, and entire villages and towns have been destroyed throughout the republic.

But many Croats feel that despite international recognition, the war which led to the occupation, backed by President Slobodan Milosevic of Serbia, of a third of Croatia's territory by the federal army has not yet ended. They also believe that efforts to rebuild the republic's fragile democratic institutions must go hand-in-hand with regaining all its territory.

"As long as Croatia has no control over its entire territory, it will be difficult to build democracy," says Mr Zarko Pukovski, a sociologist at Zagreb University. "As long as Mr Franjo Tudjman, the president of Croatia, talks about expanding the borders into part of Bosnia-Hercegovina if that republic breaks up, Croatia could remain unstable."

With the help of United Nations troops, who are expected to be sent to Croatia if recommended by the 50 UN liaison officers who arrived yesterday, government officials in Zagreb believe stability is now possible. But many Croats argue that the war has created such an atmosphere of revenge that the chance of peaceful co-existence between Serbs and Croats is slim.

Desperate to create stability to attract foreign investment and rebuild the economy, the Croat authorities must try to dilute hatred so as to prevent local acts of reprisals against the Serbs, to build democracy, and to regain full control of lost territory.

Mr Mario Nobilo, an adviser to Mr Tudjman, insisted yesterday that not one inch of territory would be ceded to Serbia as the price of stability. He believes that the presence of UN troops, and the latest ceasefire, will have an enormous psychological affect on Croats. "If the killing and the fighting stops, this will make it easier to build a democratic future," he said.

But even the UN cannot guarantee a totally peaceful future. Nationalist paramilitaries, for example, have sprung up on both sides during the war and Mr Pukovski fears that, on a local level, "people will start disappearing, and the institutions of public accountability and rule of law will not be strong enough to stop this".

Fear of reprisals runs through the Serb and Croat communities. Croats were once in the majority in some of the mixed villages, but were forced out of parts of eastern Slavonia, eastern Croatia. They will not return as long as Mr Goran Hadzik, head of the local militant Serbs, who is backed by Mr Milosevic and the army, remains in power.

Nor will Croats return to Krajina, south-western Croatia, as long as Mr Milan Babic, head of the Serbian self-proclaimed republic, controls the region with the help of the army. Many Serbs from western Slavonia, which Croatia has regained from the federal army, will stay away for fear of reprisals.

"Of course it will take time for Croats to return there," said Mr Nobilo. "But with UN help, and that of the international community, we can establish confidence-building measures and restore our republic's territorial integrity."

Whether this is true remains to be seen. Mr Robert Badinter, a member of the arbitration commission set up by the EC-sponsored peace conference on Yugoslavia, warned recently that Serbian and Croatian leaders had stoked a frightening hatred between their peoples, resurrecting age-old feuds. "It will leave such profound hatred among the peoples and minorities... [there] will be a permanent source of terrorism long after peace has been restored."

# Italian Treasury alarmed at plans for spending

THE Italian Treasury yesterday sought to prevent the imminent dissolution of parliament and spring elections becoming an excuse for the political parties to increase government spending, writes Robert Graham in Rome.

Alarmed by a flood of laws being pushed through the legislature to satisfy special interest groups against the prospect of an April general election, the Treasury yesterday requested parliament to block all financial provisions currently going through the chamber.

The request also underlined Treasury anxiety about overruns in spending targets in the 1991 budget and the bunching of expenditure at the beginning of the new financial year.

A government spokesman said: "It is natural at the end of the legislature that a larger number of financial provisions tend to be tabled. Some provisions are correct and will inevitably be passed but there are others which clearly go against the need to hold down public spending."

He added: "If these steps are not taken the budget is undermined, making subsequent adjustments necessary."

● Police confiscated 4m litres of wine in northern Italy yesterday and arrested four men in an alleged new doctoring scandal, Reuter reports from Milan.

Para-military police said the wine had probably been laced with toxic substances in five cellars near the northern towns of Vicenza and Padova.

Italy, one of the world's largest wine exporters, was badly hit by a scandal six years ago in which 23 people were killed by adulterated wine.

## EC loan delay for Greece

**Greece will not receive the second instalment of an Ecu2.2bn ($2.88bn) EC loan, due next month, before May or June, officials said yesterday, Kerin Hope reports from Athens.**

**Payment of the Ecu500m tranche will be delayed until the Community approves a new five-year convergence plan, to be drawn up by Greek economic planners with EC technical assistance. The delay is not expected to affect Greece's borrowing position as foreign exchange reserves are at almost record levels.**

## OECD chief warns on jobs

**Mr Jean-Claude Paye, OECD secretary-general, warning that jobless rates will rise this year, gave rich industrial countries a black mark for their attempts to tackle the root causes of unemployment, Reuter reports from Paris.**

**"The record so far has not been all that satisfactory," Mr Paye told labour ministers of the 24-nation Organisation for Economic Co-operation and Development at the start of a two-day meeting.**

**"Despite solid economic growth over a prolonged period, our labour market institutions, private sector practices and government policies have not succeeded in mobilising and using the full potential of our human resources," he said.**

**With unemployment levels unlikely to recede to 1991 levels before 1993, despite the expected economic rebound, Mr Paye said remedial measures were needed, especially to help the most needy and vulnerable.**

**"But the fundamental challenge is to ensure these actions are consistent with the objective of fundamental reform, and do not delay, impede or imperil the adjustment that is needed to provide the basis for sustained growth of employment."**

# Hurd wants to bind E Europe closer to west

By David Marsh, Europe Editor

MR DOUGLAS HURD, Britain's foreign secretary, yesterday suggested bringing Poland, Czechoslovakia and Hungary speedily into a broader form of European political union to help support their fledgling democratic systems.

Spelling out eastern Europe's vulnerability to economic and political backlash, he said it was against western Europe's interest that "a quagmire of disillusioned, disappointed and disgruntled states" should arise east of the Oder-Neisse.

In all the former Communist countries – including the independent republics in the former Soviet Union – "democracy is not irreversible," Mr Hurd told the Foreign Affairs Committee of the House of Commons.

"Democracy must deliver the goods – in a literal and a metaphorical sense." Eastern Europe had probably been "inoculated for the time being" against a return to totalitarianism by its experience under communism.

However, reflecting their much longer history of one-party rule, this was not true of the Soviet republics, Mr Hurd warned.

Incorporating Poland, Czechoslovakia and Hungary into a wider "political dialogue" with the EC would help bridge the gap before they became full members of the Community. He said he would be "disappointed" if this step did not take place before the year 2000.

Mr Hurd hailed the association agreements signed between the three eastern European countries and the EC last month, intended to speed up their integration in the economic sphere.

He voiced renewed concern about the problems of controlling nuclear weapons across former Soviet territories. This will be a key issue in his discussions in Russia, Kazakhstan and the Ukraine during a visit to India and the former Soviet Union starting today.

Russia has agreed to take over the nuclear control obligations of the Soviet Union. Two of the other republics with strategic nuclear weapons – Ukraine and Belarus – have agreed to become non-nuclear signatories to the Nuclear Proliferation Treaty, while Kazakhstan will probably do so before long.

EXHIBITION MARKS HOLOCAUST DATE

# Germany confronts its Jewish past

By Leslie Colitt in Berlin

GERMANY has mounted a remarkable exhibition on Jewish life before the Holocaust, marking its anxiety to atone for the murder of 6m European Jews planned nearly 50 years ago at a lakeside villa in Berlin.

"Jewish Worlds," depicting 3,000 years of Jewish life opened at the weekend in Berlin under the patronage of Mr Richard von Weizsäcker, the German president. Later this week, the villa at the Wannsee where representatives of the German government gathered on January 20, 1942, to approve the details of the "final solution" will be dedicated as a memorial site.

The sombre anniversary of the beginning of the Holocaust provides the background for the exhibition which brings together rare Jewish religious and secular works from museums and libraries around the world as well as artifacts of daily Jewish life. It takes up 20 rooms of the Martin Gropius exhibition building.

Mr Andreas Nachama, one of the exhibition organisers, said this was the most valuable collection ever of rare Jewish manuscripts. An edict by Catherine the Great on the establishment of Jewish settlements is shown for the first time outside St Petersburg.

The exhibition directly adjoins the "Topography of Terror", the basement cells of former Gestapo headquarters where prisoners were tortured. It is also only a stone's throw from the former Berlin Wall which some Germans saw as one of the prices they had to pay for the Nazi crimes committed in their name.

Costing DM10m ($6.3m) from the city and federal governments, and with added support from Lufthansa, the exhibition comes at a time when budgets in Bonn and Berlin are strained to the limit by the economic costs of unification. But the exhibition was conceived several months before the fall of the Berlin Wall in 1989 and received top priority.

The dedication of the "Holocaust villa" at Wannsee comes after decades of indecision about what to do with the infamous site which was used as a home for schoolchildren until recently.

The so-called Wannsee Conference was organised by Reinhard Heydrich, the senior SS officer who headed the Security Police, on orders of Hermann Göring, the Reichs Marshal. Top officials from all the main ministries took part and approved a document by Adolf Eichmann, a deputy to Heydrich.

The "final solution of the Jews" was to take place in the east where columns of Jewish labourers from all over Europe were to build roads. "Undoubtedly, a large part will be eliminated by natural reduction," the transcript said.

Those who remained would be the most "robust" and were to be "accordingly treated" as they represented a natural selection and, if freed, could form the nucleus of a "new Jewish revival".

# Community bankers hold talks on setting up EMI

By Ian Rodger in Basle

EUROPEAN Community central bank governors yesterday discussed setting up the European Monetary Institute, the proposed forerunner of a European central bank.

Its establishment as an advisory body on monetary union was agreed at the Maastricht summit last month. The plan is to have it begin operation in January, 1994.

Mr Robin Leigh-Pemberton, governor of the Bank of England, said after EC central bank governors' monthly meeting at the Bank for International Settlements that the organisational structure of the EMI, staff numbers and the question of whether employees would be seconded from national central banks or would be on the EMI payroll needed to be resolved.

Mr Erik Hoffmeyer, Danish central bank chief, said that they also need to define how the EMI would relate with the national central banks.

New European Parliament president Egon Klepsch hugs his wife shortly after his poll victory yesterday

EUROPEAN PARLIAMENT

# Klepsch wins easy victory for presidency

By David Buchan in Strasbourg

MR EGON KLEPSCH yesterday won a relatively easy victory over three rivals to become the new president of the European Parliament.

The 1989 deal between the Christian Democrats and the Socialists – the two biggest battalions at Strasbourg – to split the presidency over the five-year life of the current parliament ensured victory for Mr Klepsch, the German leader of Christian Democrat MEPs. He won 253 votes out of 474 cast, and is succeeded as CD leader by Mr Leo Tindemans, a former Belgian prime minister.

Mr Klepsch follows Mr Enrique Baron, a Spanish Socialist, in a job that has a powerful influence on the internal organisation – or disorganisation – of the Community's legislature and on its negotiations with the Brussels Commission and the Council of Ministers.

Having a German presiding over the European parliament should give Chancellor Helmut Kohl extra ammunition against his domestic critics who complain that he did not win enough political concessions at last month's Maastricht summit to justify surrendering the D-mark into a European monetary union.

A strong belief in consensus politics has helped push Mr Klepsch to the top of the greasy pole in Strasbourg over nearly 20 years as an MEP. But many of the UK Labour MEPs, the largest national contingent in the Socialist group, balked at what they saw as a Faustian compact with the Christian Democrats.

Ironically, the price the CDs have paid for the presidency has been to turn over to the Socialists the chairmanship of most of the important committees.

Close co-operation between the CDs and Socialists, who together pool 3,083 votes in the 518-member parliament, is made more necessary by the Maastricht requirement that the parliament muster an absolute majority – 260 votes – to exercise its new law-making powers.

But the two big groups have taken their co-operation a stage further by supporting rule changes that would prevent smaller political groupings from cluttering up Strasbourg plenary sessions with myriad amendments.

Mr Klepsch strongly backs this efficiency drive. But for someone considered a procedural expert, he has been rather cavalier about rules himself. On more than one occasion he has been caught pushing voting buttons for an absent group colleague as well as for himself. Only last week he said he had seen nothing wrong with this: it had been common in legislatures like the French National Assembly.

The verb to "klepsch" has now entered the Strasbourg vocabulary to describe such sleight of hand.

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## WORLD TRADE NEWS

# Rover plants in Russia seen as long-term vision

By John Griffiths

ROVER, the vehicles subsidiary of British Aerospace, said yesterday it was prepared in principle to involve itself in car manufacturing in Russia, including the possible transfer of production equipment for its Montego range after UK production finishes in around two years' time.

But it said the subject had been raised only in passing, during talks over the sale of an initial 5,000 built-up Montegos this year, which it is hoped will increase to up to 50,000 Rover models of all kinds from 1993 onwards.

Reports that Rover was actually negotiating on a manufacturing plant, joint venture or other initiatives were "hopelessly premature", a Rover spokesman declared.

Speculation over a possible involvement by Rover in a Russian vehicle manufacturing venture has been spurred by the arrival in the UK this week of a delegation from NAMI, the former Soviet, now Russian, state-controlled entity responsible for controlling the standards of imported cars and the conditions of their sale.

However, Rover insisted yesterday that its only contacts with the NAMI delegation will take place tomorrow and Friday, when Rover is scheduled to undertake a series of "teach-ins" for the Russians.

These entail the setting up sales and service facilities for the Montegos, which are being sold to Russia under a £50m deal arranged through Orbicom, an Anglo-Soviet trading company based in Shrewsbury.

Orbicom is forming a joint venture company with NAMI which provides for the establishment of a Rover test centre in Moscow and the setting up of a dealer network for Rover vehicles in Russia. The first outlets, in Moscow and St Petersburg, are to open in the Spring. Rover itself plans to have no equity stake or other direct participation in the sales and distribution venture.

Mr Mark Jones, Orbicom's chairman, said last night that both Orbicom and NAMI had held outline discussions with Rover about the possibilities of eventual manufacture. However, this was very much a long-term issue.

"It has very much to be market driven", said Mr Jones. Unlike some transferred car manufacturing ventures, Orbicom insists that the Montego is viewed as a high quality vehicle in Russia "which is sold up against perceived rivals like the Mercedes 190."

# Mercedes leads Czech truck race

## Ariane Genillard on imminent restructuring for foreign involvement

THE Czechoslovak truck industry faces sweeping restructuring soon as intensified negotiations between western buyers, local companies and government reach a head.

Last week Mercedes Benz, the vehicle subsidiary of Daimler-Benz of Germany, signed joint venture letters of intent with Avia and Liaz, local manufacturers of light and heavy on-road trucks respectively.

If agreed by the government, which has until March 30 to decide, the deal will place Mercedes in a position to dominate the country's truck industry, beating competition from Renault of France and Iveco of Italy.

The Czechoslovak truck industry is made up of Avia, Liaz and Tatra, the off-road truck maker. Its restructuring is likely to involve the merging of at least two under the umbrella of a joint venture with a foreign partner.

Negotiations have been dragging, however, as industry and government officials try to reconcile the need to bring in foreign capital and the desire to maintain, at least in part, the independence of the Czechoslovak truck industry, whose tradition goes back to the 1920s.

The Czech government retains the right to reject Avia's choice of the German group. Mr Jan Vrba, industry minister, was quoted in the local press this week as saying that specific requirements made by Mercedes were "wholly unacceptable" and that compromises would have to be reached.

These requirements include important tax breaks for 10 years from the formation of the joint venture or five years if profits are made. They also include the imposition for six years of a 40 per cent customs duty on imports of utility vehicles.

While negotiations will focus on these issues, the government also reserves the right to consider new proposals from rivals such as Renault. Under the country's large-scale privatisation programme, competitive bids can still be submitted up to January 20. If the deal is approved, the venture would be created in July. Mr Zdenek Bakala, head of the Prague office of Credit Suisse First Boston, which advises both Avia and the Industry Ministry, says: "Very clear financial advantages must be put forward in order for the deal to go through. If not, the government may re-open discussions with non-German investors."

Under the agreement, the German group will acquire an initial 31 per cent of Avia and 20 per cent of Liaz, which will contribute its motor assembly line in Jablonec. Mercedes will invest DM350m (£123.2m) over the next three years and raise significantly its equity participation in Avia.

Mercedes intends over the next two years to replace the production of Avia trucks, which have been manufactured under a Saviem-Renault licence since 1967.

The German company will instead make two types of its own small and medium-sized trucks.

Sales plummeted last year as a result of the recession in the domestic market and collapse of the Comecon trade on which all three enterprises relied heavily for their exports.

Avia, which in 1991 had a turnover of Kcs4.1bn (£75.9m), has been faring better than its siblings because it was able to maintain its domestic sales, which average 9,000 trucks. Producing smaller trucks and vans, the company has been able to tap into the nascent entrepreneurial private sector in the country.

Its exports have fallen dramatically, however, mostly because the former Soviet Union, which in 1990 imported 21.8 per cent of its output, is unable to renew orders.

By comparison, Tatra, which produced an estimated 10,500 heavy off-road trucks in 1991, has found buyers among Siberian oil companies able to pay with supplies of raw materials, mainly because of trade joint ventures set up in the region by Motokov, Czechoslovakia's main exporter of trucks.

Technically competitive in world markets, Tatra's self-confidence was particularly boosted when more than 1,300 trucks were bought by the allied forces during the Gulf war.

Despite the interest of both Iveco and Mercedes, the enterprise recently put forth a privatisation project which would leave, in a first stage, nearly all its equity in the hands of Czechoslovak citizens in the form of vouchers.

Foreign investors would have a chance to acquire a stake in Tatra at a later stage though, according to Mr Oldrich Svajda, deputy director of Motokov.

Liaz, by far the worst off of the three companies, suffered an important fall in production this year.

While output reached 15,000 trucks in 1990, sales for 1991 are estimated to have been less than 5,000.

The company's decline stems mostly from its reliance for sales on hard-hit domestic buyers, such as construction companies.

## NEWS IN BRIEF

### Control Data and NEC sign supercomputer pact

CONTROL DATA, the US computer company which has been drastically restructured, is re-entering the supercomputer business through a marketing agreement with NEC, the Japanese computer company, writes Steven Butler in Tokyo.

The two companies said yesterday that Control Data would begin selling NEC-manufactured SX-3 series supercomputers under NEC's brand name in the US and Europe. The agreement is being billed as a marriage between Control Data's marketing power and NEC's technology. Control Data sold its supercomputer subsidiary, ETA, two years ago to save costs and provide better focus to the business.

### ICL wins £35m German order

ICL, the UK-based computer manufacturer in which Fujitsu of Japan has a majority stake, has won a £35m order for personal computers from the telecommunications arm of Deutsche Bundespost, writes Alan Cane. It is ICL's largest single order for such equipment and goes a long way to establishing the company's credentials as a personal computer manufacturer. ICL is known principally as a manufacturer of mainframe computers and high-performance workstations.

### Japanese satellite panels for GE

Japan's Mitsubishi Electric has received an order for satellite panels from General Electric (GE) of the US totalling between Y200m (£873,300) and Y300m, a Mitsubishi spokesman said yesterday, AP/DJ reports from Tokyo.

The panels, which are designed to expel heat created by radar systems, will be used in navigation satellites that GE is building for the International Marine Time Satellite Organisation.

### Ankara arranges rail finance

Joint German-Italian financing has been agreed for a DM518m (£182m) light rail project – part of a transit system for Ankara, writes John Murray Brown in Ankara. An agreement was signed yesterday between the city and Bayerische Landesbank, the Bavarian state bank, Kreditanstalt für Wiedaraufbau, the German export credit agency, for DM353m; and with Italy's Credito Italiano and the Monte Dei Paschi of Sienna for DM164m.

● Cars heighten US-Japanese tension ● Detroit is derided for its refusal to face up to worldwide competition ● Europe sets target for 1995

# Appeal to Congress for unfair trade damages

MR CHARLES CORRY, chairman of USX Corporation, yesterday urged Congress to pass legislation giving American companies the right to seek damages against foreign companies which employ illegal trade practices in the US market, writes Nancy Dunne in Washington.

Testifying before the Senate banking committee on US-Japanese trade, Mr Corry called President Bush's controversial trade mission to Japan "a step in the right direction", but Japan, he said, must commit itself to trade deficit reduction.

Senator Don Riegle, chairman of the banking committee, is sponsoring the same proposal introduced in the House by Congressman Richard Gephardt, the House majority leader.

It would require Japan to reduce its trade deficit 20 per cent over each of the next five years, or face retaliation against its exports of cars and car parts.

# Mitsubishi makes attack on Big Three

By Kevin Done, Motor Industry Correspondent, in Detroit

JAPANESE car makers operating in the US have launched an outspoken attack against the Big Three US vehicle producers, intensifying the bitter debate over Japanese car sales in the US.

Mr Richard Recchia, executive vice-president and chief operating officer of Mitsubishi Motor Sales of America and a former Chrysler executive, said the difficulties faced by the US auto industry had been caused by its inability "to change to meet world-wide competition".

Mr Recchia was responding to the attack on Japan led by Mr Lee Iacocca, chairman of Chrysler, at the end of last week. On his return from Tokyo, where the chairmen of the Big Three car makers – General Motors, Ford, and Chrysler – were part of the delegation accompanying President George Bush, Mr Iacocca accused Japan of "predatory" trade practices and claimed that the Japanese had the US auto industry "targeted".

In a speech to the Automotive News World Congress, Mr Recchia, said: "It seems that when economic times are tough in the US, there is a latent ugliness in America that bubbles to the top. That ugliness very often becomes apparent not only in political rhetoric but also sometimes in business rhetoric."

Protectionist legislation is being proposed in the US Congress which would further restrict Japanese vehicle imports and impose curbs on vehicles built in Japanese plants in the US, so-called transplants.

Mr Recchia claimed that the US auto industry had failed to take advantage of the period since 1982 when a voluntary limit was accepted for Japanese auto exports to the US.

Instead of driving for increased market share and instead of taking advantage of the limited availability of products to the Japanese importers, US auto producers had pushed for increased prices and increased profits, he said. Combined profits of General Motors, Ford and Chrysler, had risen from $6.2bn in 1983 to a peak of $11.2bn (£6.2bn) in 1988.

# EC seeks a 10 per cent share of Japan's market

THE automobile committee of the European Business Committee submitted a statement yesterday to the Ministry of International Trade and Industry proposing a target of 10 per cent of the Japanese market for European cars in 1995 and 17.5 per cent in 2000, Reuter reports from Tokyo.

European cars presently hold 4 per cent of Japan's car market.

The EBC is a Tokyo-based advisory committee to the European Community, representing companies from EC member states doing business in Japan. The proposed targets do not include Japanese-brand cars made in Europe.

Last week Japanese car makers announced plans to more than double their purchases of US-made cars and car parts to $19bn (£10.6bn) by 1994/95. An EBC official said European car makers wanted the Japanese government to buy cars, grant preferential tax treatment and revise regulations on construction of dealerships.

# Big fall in India's trade deficit

By K K Sharma in New Delhi

INDIA'S trade deficit declined sharply to $1.34bn between April and September 1991, compared to $3.04bn in the same six months of the previous financial year, according to half-yearly figures released by the Indian government yesterday.

But the figures are deceptive since they reflect a substantial reduction in imports because of balance of payments difficulties and diminishing foreign exchange reserves. Exports have, in fact, declined by more than 6 per cent.

Imports fell by 17.5 per cent to $11bn in the period compared to more than $13bn in the same period last year. Import restrictions have held back industrial production owing to scarcity of raw materials, components and capital goods.

Some economists even fear that the economy is in the grip of a recession because of the import cuts. Industrialists have been urging the government to withdraw the restrictions but, despite a marked improvement in the foreign exchange reserves which stand at present at over Rs95bn ($3.75bn), the government has not responded positively.

The trade figures have been presented in a new format to differentiate between hard currency areas and rupee payment areas (Russia and some east European countries). They show that exports to hard currency areas rose in the six-month period by 5.6 per cent and fell by 54 per cent to rupee payment areas.

The object of the new format is to show that hard currency earnings are increasing and that the drop in earnings from eastern Europe (which involve barter arrangements) do not matter since hard currency is not involved.

Nevertheless, overall export performance is dismal, showing a sharp decline of more than 6 per cent.

# Cambodian jails opened to Red Cross

THE RIVAL Cambodian factions agreed yesterday to allow new political parties and a free press as the Red Cross gained its first access to political prisoners due to be released, western diplomats said, Reuter reports from Phnom Penh.

The agreement was reached at a meeting of Cambodian faction officials, representatives of the five permanent members of the UN Security Council, and officials of the International Committee of the Red Cross (ICRC) in Phnom Penh.

Two diplomats representing the five Security Council permanent members called it an important breakthrough, implementing terms of the peace treaty the Vietnamese-installed government and its guerrilla opponents signed in Paris in October to end 13 years of civil war.

"What has been agreed on freedom of assembly and association and the press means that in principle there is no reason for any more political restrictions as of today," one said.

Mr Jean-Jacques Fresard, chief ICRC delegate in Phnom Penh, told reporters Red Cross officials had visited two prisons in the capital yesterday morning. He said 290 prisoners would be released today.

Mr Fresard said 118 political or war prisoners were registered in Phnom Penh's T-3 prison and 182 at Prey Sar jail on the city's outskirts. Fifteen were in military hospitals where some would have to remain until their health improved. Mr Fresard refused to give details of the prisoners' health or to describe conditions in the jails.

He said the three guerrilla factions that have opposed the Phnom Penh government, including the radical Khmer Rouge, had invited ICRC teams to their respective zones.

The two non-communist guerrilla factions said that as far as they knew no prisoners were held in their zones, but there was evidence to suggest prisoners were held in all three guerrilla zones, the ICRC representative said.

All sides agreed to allow new political parties to take part in UN-supervised elections envisioned for 1993 as well as to permit a free press, breaking the rigid government monopoly, the diplomats said.

Another accord guarantees the right of the 350,000 Cambodian refugees due to return from Thailand to live where they choose, unless there are practical reasons to prevent it, such as overcrowding.

Plainclothes police arrest Ms Wangari Maathia, a prominent environmentalist and Kenyan opposition figure, after breaking into her home on Monday. A crackdown on the opposition continued yesterday with the jailing of a fourth person in connection with a rumour that President Daniel arap Moi plans to stage a coup to halt multi-party elections, AP reports from Nairobi. Former MP James Orengo was arrested late on Monday outside the High Court where he and other lawyers were representing two detained opposition figures. The two, Mr Josephat Karanja, a former vice-president, and Mr Matu Wamae, a businessman, had been charged with "spreading a malicious rumour" and freed on $3,500 bail.

# Algeria's military sets up broad-based governing body

By Francis Ghilès in Algiers and Agencies

A BROAD-BASED committee including religious and human-rights leaders has been handed power in Algeria by the military-dominated council which took control of the country at the weekend after the resignation of President Chadli Bendjedid.

The new council of state is headed by Mr Mohamed Boudiaf, a former opponent of President Chadli, but also includes Defence Minister Khaled Nezzar, one of three generals on the previous council. Mr Chadli is widely believed to have been forced out by the military which was alarmed at his desire to go ahead with the the second round of general elections, scheduled for tomorrow, in which the Moslem fundamentalist Islamic Salvation Front (FIS) was poised to win parliamentary power. The FIS has pledged to make the north African country an Islamic state.

Gen Nezzar's presence on the new council indicates that the army intends to continue having a prominent role in running the country. Other members include Mr Ali Haroun, the human rights minister, Dr Tidjani Haddam, rector of the Paris mosque and considered a moderate, and Mr Ali Kafi, president of the Veterans' National Organisation. There was no mention of Mr Sid Ahmed Ghozali, the prime minister, who headed the previous ruling council.

Mr Boudiaf, 72, head of the council, has not lived in Algeria since 1963, one year after independence, and currently resides in Morocco. In 1964 he was condemned to death in absentia by President Ahmed Ben Bella for setting up the Party of the Socialist Revolution. Ben Bella was ousted in 1965 but Mr Boudiaf continued to live in exile, opposing the new president, Houari Boumedienne.

The Arab-language newspaper Essalam recently launched a campaign for Mr Boudiaf's return but he said at the time that conditions were not right. The present crisis erupted after the FIS won an unexpected landslide in a first round of voting on December 26 and needed just 28 of the remaining seats at stake to take a majority in the new five-year parliament.

Gen Nezzar, 54, is seen as the military strongman after having effectively run Algeria twice during states of siege imposed by Mr Chadli in 1988 and last June after the street battles between FIS militants and security forces.

Gen Nezzar, a veteran of the independence war with France, was named Algeria's first defence minister in 25 years in July 1990. Mr Kafi, 64, also a veteran of the independence war, spent 22 years as a diplomat, his first posting being in Cairo and his final one in Tunis.

Dr Haddam is a medical doctor. He set up a body to promote family planning in Algeria, before going to Paris.

The formation of the council took most observers by surprise and is being seen as a unifying gesture.

This form of collegiate body of wise men, including people of a wide spectrum of opinion, has many points in common with the ruling council of the FIS, the Majliss Es Shura (council of elders), the traditional form of government in Moslem countries.

● President François Mitterrand, in his first comment on the cancellation of the elections, urged Algerian leaders to revive democracy as soon as possible.

"Algerian leaders must at the earliest possible moment pick up again the threads of democratic life, which was beginning and which must be allowed to go all the way," he told a news conference in Luxembourg. The president stopped short of condemning the Algerian action.

# IFC calls for trebling of sub-Saharan investment

By William Keeling

A TREBLING of private investment is required in sub-Saharan Africa if the region is to achieve long-term economic recovery, Mr William Ryrie, executive vice president of the International Finance Corporation (IFC), said in London this week.

Mr Ryrie, speaking at a conference chaired by Mr Babacar Ndiaye, president of the African Development Bank, said achieving the target figure of 15 per cent of GDP was "doubtful at best".

"In most countries, even with the best will and the best policies, it will probably be the first decade of the 21st century before we begin to see real results - that is to say steadily rising private investment, sustained higher rates of growth and job creation", he added.

Mr Ryrie said the IFC, the private sector arm of the World Bank, was investing approximately $200m a year in about 35 companies in sub-Saharan Africa. He estimated that projects in which the IFC had recently participated accounted for around 10 per cent of total private investment, domestic and foreign, in the region.

Much of the IFC finance has gone into a few large investments, he acknowledged.

"What is lacking is a flow of medium-sized investments in manufacturing businesses," Mr Ryrie said.

He said private investment in sub-Saharan Africa has been running at about $8bn a year, with foreign private investment contributing less than $1bn a year.

Net official development assistance to the region between 1980-89 had been $105bn, or about $30 per capita each year. He said the flow of aid had "no parallel in history" but standards of living had continued to fall.

# Japan takes first step in restoring Vietnamese aid

A JAPANESE delegation arrived in Hanoi yesterday as a first step towards resuming official aid to Vietnam, Reuter reports from Hanoi.

Mr Takao Kawakami, director-general of the economic co-operation bureau of Japan's Foreign Affairs Ministry, met Mr Vu Khoan, Vietnamese deputy foreign minister, ahead of talks on settling Vietnam's debt to Japan, necessary before aid can be resumed.

Japan suspended assistance after Vietnam invaded Cambodia in 1978 and has since followed a US-led embargo on aid and official investment, despite being Vietnam's biggest trading partner.

Tokyo is seeking a key role in rebuilding the region after a Cambodian peace agreement was signed last October. Diplomats expect Japan to resume official aid to Vietnam in the second half of the year.

Separately, a German delegation arrived in Hanoi to try to reach agreement with Vietnam on the repatriation of thousands of Vietnamese asylum-seekers.

More than 20,000 Vietnamese contract workers have come home from former East Germany since 1989, but thousands of others crossed into former West Germany following unification.

Between 20,000 and 30,000 workers there have already or are expected to apply for asylum, but are not considered political refugees by the Bonn government.

The German delegation is expected to sign an agreement today providing DM10m ($6.30m) for job training and soft loans to help resettle returning Vietnamese workers.

Germany says it wants to help resettle the workers at home, but needs a guarantee from the Vietnamese government that it will not punish them for seeking asylum.

# Politics of bribery claims a fresh victim in Japan

**Robert Thomson** on why the downfall of a close associate is putting Miyazawa on the defensive

BY JAPANESE political standards, the downfall of Mr Fumio Abe, the senior Japanese politician arrested on Monday for alleged bribe taking, has more to do with ineptitude than corruption. Instead of spreading his favours and his sources of finance, Mr Abe relied heavily on one rather shoddy property development company for his money.

The case has drawn comparisons with the demise of Mr Sousuke Uno, the short-stay prime minister entangled in the "geisha" scandal of 1989. It is no secret that Japanese politicians often keep mistresses, but Mr Uno was thought particularly inept because his stinginess prompted a frustrated companion to tell all to the tabloid press.

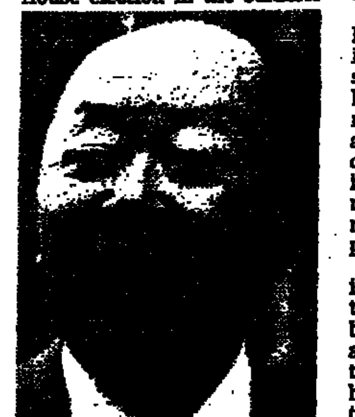
Mr Abe, who admitted himself to hospital in the time-honoured tradition of the scandal-afflicted, appears to have had a lifestyle no more lavish than other senior MPs. He dined well in Tokyo's nightlife districts and is said to have bought a gold-plated watch for a well-known actress who caught his eye, but prosecutors have been unable to uncover any truly outlandish exploits by a man who routinely flew economy class.

One of Mr Abe's staff alleged that his boss had received a significant amount of money – reportedly Y500m ($3.9m) – from Kyowa, a steel frame manufacturer turned property developer, but that Mr Abe had done nothing out of the ordinary in collecting his money. "He acted as a go-between for the company – everybody does that."

But not "everybody" is a close associate of Mr Kiichi Miyazawa, the prime minister, who is dependent on the tolerance of other Liberal Democratic Party (LDP) factions for his power. Mr Abe was the Miyazawa faction manager until a month ago, when the the scandal forced him to resign the post.

The largest opposition party, the Social Democratic Party, formerly the Japan Socialist Party, says it will apply the blowtorch to the prime minister's belly when parliament resumes next week. Mr Miyazawa has denied reports that his faction received Kyowa money, but he will be forced to offer a detailed explanation, and to clarify again his role in the Recruit stocks-for-favours scandal of 1988-89.

It is Mr Miyazawa's hope that the new scandal will slip into the recesses of the voters' memory before an Upper House election in the summer



Miyazawa: hoping voters will forget scandal

that is likely to determine whether he has a second year in office. Not that the LDP will lose power, but if the party does not regain control of the house, other faction heads will probably decide that Mr Miyazawa does not deserve an extension of his tenure.

Given the slowness of the Japanese judicial process, it could be a decade or so before final judgment is passed on the unfortunate Mr Abe. But the coming weeks are likely to see a rush of embarrassing allegations made against the former cabinet minister, now fair game for the often merciless Japanese tabloid press.

Whatever the sum received by Mr Abe, 69, who characterises himself as a battler made good, the charges against him centre on Y80m and the alleged leaking of planning information during his stint as director-general of the Hokkaido Development Agency from August 1989.

The case is a by-product of the financial excesses of the late 1980s, as Kyowa was a long-established maker of steel frames for the construction industry until a change of management and a sudden embrace of property development. As a result, the company allegedly sought confidential information from Mr Abe about the route of a new Hokkaido motorway with a view to buying property in the vicinity.

Kyowa collapsed in late November 1990, after an increase in interest rates and a softening of the property market undermined its ambitious resort and golf course projects, and left it with outstanding debts of about Y200bn. But, in its last two years of life, the newly-aggressive company managed to tarnish several prestigious names.

In mid-1990, Kyowa was involved in a serious of fictitious deals that led to the bankruptcy of a steel trader and the sullying of the reputation of Marubeni the trading house, in whose famous name the fraudulent deals were made. A Marubeni manager was later arrested and the company admitted that its "honour and reputation" had been damaged by Kyowa.

It remains to be seen how much Mr Miyazawa's honour and reputation will be affected by the new scandal. Even though he resigned as finance minister in 1988 after admitting that one of his aides accepted cut-price stock offered by Recruit, Mr Miyazawa was thought to be a "clean" politician. The arrest of a close associate can only harm that image.

The prime minister would regain public respect if he pushed ahead with an overhaul of the electoral system and other reforms intended to make Japanese politics cheaper for the participants and thus less prone to financial scandal. But Mr Miyazawa will be cautious, as the enthusiasm of Mr Toshiki Kaifu, the former prime minister, for these very same reforms irritated the LDP elders and prompted them to terminate his mandate abruptly late last year.

# Japanese prices hold steady

JAPAN'S overall and domestic wholesale price indices (WPI) were steady in December compared with November levels but fell from a year earlier mostly because of a strong yen and a slowing domestic economy, economists said, Reuter reports from Tokyo.

"Any increase in domestic prices is likely to have been cancelled out by lower import prices due to the strength of the yen," said Mr Kusuo Aoki, an economist at the Yamaichi Research Institute of Securities and Economics.

The nation's overall wholesale price index was unchanged in December from the previous month but fell 1.6 per cent from a year earlier, the Bank of Japan (BoJ) announced earlier today.

Import prices declined 16.7 per cent year-on-year compared with a 15.5 per cent drop in November.

Japan's domestic WPI, a key component of overall WPI, was unchanged on the month but fell 0.2 per cent from a year earlier, the BoJ said.

The yen's strength against the dollar was also a factor for the year-on-year decline in overall wholesale prices, economists said. The dollar closed on average in Tokyo at Y128.07 in December 1991 compared with Y133.72 in December 1990.

A decline in imported oil prices also contributed to the drop in the WPI.

# Brisk business on Beijing's back streets

**Yvonne Preston** finds Russian and Polish traders bartering with Chinese entrepreneurs

FROM inside the heavy coat of a burly Russian the nose of a small Pekinese dog sniffs the cold air. The dog is worth $300 to the Russian who is hunting for a buyer among the Chinese stall-holders. He may trade it for silk jackets or heavy down-filled coats of many colours to sell in Moscow at a handsome profit to his fellow Russians, hungry for consumer goods of any kind.

To a Chinese trader making thousands of yuan a month, a dog like this represents status, convincing evidence that he has made it. In the narrow alley in Beijing's diplomatic quarter, the silk market is lined with stalls, packed with Russian and Polish "businessmen" and alive with tourists. Business is brisk and much of it is barter.

From the Republic of Mongolia, adrift without Soviet aid and struggling to make the painful transition to a market economy, a middle-aged couple has arrived with a large Mongolian carpet, folded onto a suitcase trolley. They are asking only 500 yuan ($125).

The stallholders, who each paid 3,000 yuan ($750) a few years back for their three-square-metre wooden shelters, small protection against the biting cold, shoo them away. They can't sell that here.

Along the alley two blonde Russians trade telescopes, cameras, costume jewellery and watches. The Chinese stallholder who sells the goods on to the tourists displays hundreds of Soviet watches, their faces a pictorial history of recent events across the border. There is the perestroika watch, the George Bush meets Mikhail Gorbachev watch, the Boris Yeltsin timepiece and the Gorbachev, "President of the USSR", watch. Already an antique, the stallholder claims, slicing his hand across his throat. The price is 520 yuan ($130). There won't be any more. He does not go into detail about the watch mechanisms.

Here everything is for sale. A young woman in a stylish black fur hat bought in Hong Kong is repeatedly asked if she will sell it. Would I sell my tape-recorder?

Russians and Poles are the market's main foreign customers. Many of them are regulars, flying in from the Russian Republic with dogs, watches or US dollars, and flying out again with up to 20 sacks of goods. In the early days the Yugoslavs were top dealers but their numbers have tailed off with the civil war. Some of them would fly in twice a month, the return fare of $800 from Belgrade easily recouped from the sales of the Chinese goods ferried back home.

The stallholders are cagey about their business. A young man with permanent waved hair said business had slowed down since Christmas but he admitted to making Y2,000 to Y3,000 a month. The likelihood is a great deal more.

In the murky interiors of the little wooden "shops", screened by "curtains" of multi-coloured jackets, the real business for many people is money changing – US dollars into renminbi, the non-convertible "people's money". The rate was up to 5.95 rmb to the dollar recently, but at the turn of the year was falling back to 5.9. The bargaining is hard.

On the northern Sino-Soviet border it is a similar story. At Heihe the two-way flow of trade across the frozen Amur river suffered scarcely a hiccup through the turmoil of the Soviet coup attempt. The Russians swap watches, toys and garlic presses for Chinese tracksuits, sneakers, shampoo and bubble gum.

As in Beijing's silk alley the consequences of communism's collapse in the former USSR is of little moment to the Chinese residents of Heihe. "They leave us alone", the Beijing stallholder with the permanent wave said of the always watchful authorities. He used to be a factory worker earning Y150 a month.

At the next stall two women, the younger one heavily made up, are shy about questions. "Take me to America and I will tell you all the secrets of the business," says the younger one, grinning broadly.

## NEWS IN BRIEF

# Judge to probe township killings

A JUDGE appointed to investigate South Africa's political violence said yesterday he would probe newspaper allegations that the defence force was behind killings in black townships, Reuter reports from Johannesburg.

Judge Richard Goldstone, chairman of a commission of inquiry set up under terms of a national peace accord last September, said in a statement that he had been asked to investigate by Mr Roelf Meyer, the defence minister, and the black opposition African National Congress.

The Weekly Mail reported 11 days ago that the defence force was funding front organisations which instigated violence in townships.

It has accused the government of helping the Inkatha Freedom Party, locked in a long-running feud with the ANC. About 4,800 blacks have been killed in the last two years in township violence.

## Gandhi daughter declines role

Ms Priyanka Gandhi, the 19-year-old daughter of Mr Rajiv Gandhi, the assassinated former prime minister, yesterday turned down a position in her father's political party, a family spokesman said, AP reports from New Delhi.

The Congress Party chairman of Uttar Pradesh state had announced on Monday that Miss Gandhi had been elected to the party's state governing committee. The announcement was front-page news in yesterday's newspapers before Mr Mahavir Prasad, the chairman, issued a clarification that Miss Gandhi had not yet accepted the position she had been voted to.

It appeared that her name was put up for nomination without her knowledge. She had no opponents when she was elected by a district in the town of Agra. Many Gandhi loyalists would like to see her assume the mantle of the political dynasty that governed India for 37 of its 44 years of independance.

Rumours have circulated about Miss Gandhi's political ambitions since she accompanied her father on the campaign trail in 1989. She is a student at a college in New Delhi. Her older brother, Rahul, attends Harvard University.

## Iraqi airline resumes flight

An Iraqi Airways aircraft made a trial run to the southern city of Basra yesterday for the first time since the Gulf War broke out almost a year ago with the aim to resume domestic flights, Reuter reports from Baghdad.

The Iraqi News Agency quoted Mr Nouruddin Safi, the director general of the company, as saying there would be another flight to Basra today before regular flights resume tomorrow.

Both domestic and international flights stopped after the Gulf war broke out on January 17, 1991.

## Delegates quit Zaire conference

About 200 delegates walked out of Zaire's national conference on political reform yesterday, saying representation was too heavily weighted towards the opposition, Reuter reports from Kinshasa.

Last week, hundreds of delegates loyal to authoritarian President Mobutu Sese Seko withdrew from the conference for the same reason. The latest walkout was by delegates from the southern Shaba region. Their spokesman, Mr Kabongo Mwamba, said 45 per cent of conference delegates were from the Kasai region of opposition leader Mr Etienne Tshisekedi.

The conference, called to chart a democratic future for Zaire, officially opened in August. But it has been suspended much of the time and has accomplished virtually nothing.

## Free port future seen for Subic

President Corazon Aquino of the Philippines yesterday suggested turning Subic naval base into a Hong Kong-style free port to cushion the impact on the economy of a US military pull-out, Reuter reports from Subic Naval Base.

She told 5,000 people gathered at an American football field inside the base in Olongapo city she was confident the Philippines would overcome the challenge posed by the projected withdrawal of U.S. forces by the end of this year.

**AMERICAN NEWS**

# Stringent IMF targets beaten by Argentina

By John Barham in Buenos Aires

ARGENTINA has bettered stringent economic targets set by the International Monetary Fund for the final quarter of last year, opening the way to fresh loans from the IMF and other lenders this spring.

Officials reported yesterday that the government had a $1.74bn budget surplus in the final quarter of 1991, against a Fund target of $1.43bn.

Earlier, independent economists had cast doubts on the government's ability to meet the surplus without including windfalls from larger than expected privatisation receipts or by delaying payments.

In the previous quarter, the budget surplus was only $989m.

The budget operating surplus, which excludes privatisation receipts, rose by 206 per cent over the third quarter to $1.1bn. In comparison, privatisation revenues of $635m were hardly changed.

However, the surplus was only attained by a one-off inflow from a tax amnesty and by deferring $360m-$380m in public sector Christmas bonuses to January.

The improved budget figures will strengthen the position of Argentine officials now in the US negotiating with the IMF and commercial banks. Argentina wants to convert the $1.04bn standby loan it obtained from the IMF last July to a $3bn, three-year extended fund facility loan. This would unlock other loans from the Inter-American Development Bank, the World Bank and, officials hope, from the Japanese government.

The loans would help finance a reduction in Argentina's $35bn foreign bank debt under the aegis of the Brady debt reduction scheme. Argentine officials are holding preliminary talks with bank executives in New York on refinancing over $8bn in interest arrears before going on to discuss reduction of the bank debt.

The budget figures are coming under intense scrutiny because they are a key to economic stability, indicating the government's ability to finance its own spending and service its debts.

Argentina's legendary inflation and political instability were caused by the government's inability to finance spending, which it covered by borrowing and then by printing money.

# The woman to do business with

## Nancy Dunne profiles Bush's nominee for commerce secretary

PRESIDENT George Bush has good reason to be grateful to Mrs Barbara Franklin. An activist Republican, she co-chaired a recent dinner in Washington which raised $1.2m for his 1992 re-election campaign.

Mrs Franklin's work impressed Mr Robert Mosbacher, the Commerce Secretary – no mean fund-raiser himself – who is departing to head the president's campaign. Her gender impressed White House operatives who were looking for "political bounce" out of the appointment of Mr Mosbacher's successor.

Thus Mrs Franklin, at 51, finds herself Commerce Secretary nominee, poised to take the helm of an unwieldy government bureaucracy of 13 agencies with responsibilities ranging from weather prediction, aerospace, oceans, the census, economic statistics, to tourism and trade.

It is a department seen as having lost influence in policymaking under Mr Mosbacher. But it is also viewed by some, including Ambassador Linn Williams, former deputy trade representative, as having a vital role in helping US industry regain its competitiveness.

If confirmed, as expected, Mrs Franklin will be the third woman in the Bush cabinet, along with Mrs Carla Hills, the US trade representative, and Mrs Lynn Martin, the labour secretary.

The prominence of women in the Bush administration is a point of pride among feminists who chose difficult careers in male-dominated arenas such as business and politics. (It is also a counterweight among Republican moderates who dislike the president's "born-again" opposition to abortion.)

Mrs Franklin has broad experience in business and government, but there are sceptics who belittle her qualifications. "What has she ever done?" says one long-time trade lobbyist. "Why didn't they choose some chief executive who knows how to role up his sleeves and save a company?"

> 'While everyone else was doing outrageous things, she was working for Nixon to recruit women to government'

The nominee launched her government career two decades ago. To a young reporter covering the White House for the first time, she seemed "glamorous, peppy, vibrant". But, says Ms Sonja Hillgren, now Washington editor of Farm Journal, "she was Miss Establishment".

"While everyone else was doing outrageous things, she was working for the Nixon White House to recruit women for government jobs."

She is still considered "establishment" and still known for her stamina – and her commitment to high-impact aerobics.

Her curriculum vitae runs for pages. Married to another activist Republican, Mr Wallace Barnes, a wealthy Connecticut businessman, Mrs Franklin (who retains her first married name) could have served in almost any job in a Bush cabinet.

In the Nixon White House Mrs Franklin recruited dozens of women for top government jobs. She also crossed paths there with Mrs Hills, who had joined the Justice Department. "I always liked her," says Mrs Hill. "She is an articulate, well-organised, dedicated person."

These qualities appeal to Mrs Hills, whose legalistic style tries to impose orderliness on trade negotiations with action plans and deadlines. The question of how the two will get along heading agencies renowned for their turf fights occupies the minds of many.

"I don't believe we couldn't sit down and talk about issues," says Mrs Hills, who sees the two agencies as interactive. "We are opening doors for business; Commerce helps business drive through open doors."

The Commerce Department used to push doors open under the late secretary Malcolm Baldrige, launching negotiations for sectoral openings in Japan. Mr Mosbacher all but abandoned that role in favour of trade promotion; provided Mrs Franklin agrees to continue on that path, she and Mrs Hills are likely to do well together.

But she will be urged by her bureaucracy to represent business interests and regain the policy-making role it has lost. She will have to decide whether to pursue the debilitating turf battles, which even the veteran Mrs Hills does not like.

She would have enough to do without them. Mr Williams, who has been close to Mrs Hills, argues that Mrs Franklin would do better to focus the department's "intellectual energy" on developing its role as "an organiser, a think-tank, and a catalyst".

Barbara Franklin: among other things, she brings a little "political bounce" to the Bush administration

The professional women who have known Mrs Franklin over the years have no doubt she can handle the job. Ms Felice Schwartz, president of Catalyst, an organisation which promotes women in business, says women who began their careers 20 years ago and succeeded are astute and tough because they have had to overcome so many more obstacles than have men.

Mrs Franklin, in a recent speech to a girls' club, described the slights and prejudices she encountered. At Harvard Business School, where she graduated in one of the first classes containing woman, she found her opinions dismissed "as if no one had heard a word I'd said". On her first job she was underpaid and criticised both for being "too aggressive" and not assertive enough.

It took her years to understand that her first husband "would be proud of my career as long as it didn't interfere with something he wanted me to do or somewhere he wanted me to be".

That Mrs Hills and Mrs Franklin will now hold the top business jobs in the Bush Administration is "mind-blowingly exciting for women", says Ms Schwartz. The "gutsy, very responsible" Mrs Franklin will bring to the administration the "fresh perspective" of a feminist who did things "the right way" and made it to the top.

# Brazil pension cash warning

By Stephen Fidler, Latin America Editor

BRAZIL will allow the social security system to run out of cash rather than print money to finance higher pensions, Mr Francisco Gros, the central bank president, warned yesterday.

Mr Gros said in London that if Congress did not vote money to finance a court-ordered 147 per cent increase in pensions, or if the court order was not reversed, "the social security system is going to run out of money".

Legislation was due before Congress yesterday to increase social security contributions to raise the estimated $10bn cost of the pension increase. The administration of President Fernando Collor had proposed an increase of more than 50 per cent, but the Supreme Court ordered that pensioners were entitled to receive a significantly bigger rise.

Mr Gros said the government remained hopeful that the court order would be reversed at a further hearing, probably next month.

He sought to allay concerns that the rise in state pensions would jeopardise a $2bn standby loan agreement with the International Monetary Fund, which depends heavily on keeping the fiscal deficit in check. The IMF board is scheduled on January 22 to discuss the loan, upon which hangs agreement on important debt restructurings with the Paris Club of creditor governments and with commercial banks.

The central bank president, accompanied by senior members of his team, painted a picture of an administration now committed to fiscal and monetary rectitude, but one which recognised that economic stability and low inflation would not be achieved quickly.

The officials accompanying Mr Gros said they hoped that over a three-year period Brazil's foreign debt could be reduced by $15bn through debt-to-equity swaps in privatisations.

Petrobras share plan, Page 19

# Leaders' clash complicates Quebec negotiations

By Bernard Simon in Toronto

NEGOTIATIONS to keep Quebec within Canada have hit another snag with a sharp disagreement between the leaders of two of the country's most powerful English-speaking provinces.

Mr Bob Rae of Ontario and Alberta's Mr Don Getty have expressed diametrically opposed views over the two highly-charged issues of official bilingualism and reform of the upper house of Parliament, the Senate.

The public disagreement is bound to complicate the federal government's efforts to stitch together a package of constitutional proposals acceptable both to Quebec and to the rest of the country. Senate reform, in particular, is viewed by Alberta and other parts of western Canada as well as the Atlantic province as a key bargaining chip in return for concessions to Quebec.

Mr Getty echoed the views of many English-speaking Canadians by suggesting that it was time for Ottawa to stop "forcing" the use of both French and English. His call appears to be an effort to outflank the right-wing Reform Party, whose popularity in the west has surged over the past two years.

Mr Rae however, told a parliamentary committee drawing up proposals for a new constitution that Ontario will fight to preserve bilingualism.

Mr Getty also indicated that, as far as Alberta is concerned, the new constitution will have to include an elected Senate with equal representation for all 10 provinces. Members of the 112-member Senate are currently appointed, with Ontario and Quebec holding the largest number of seats.

Mr Rae said that that Alberta's Senate reform proposal, "stated baldly, is not acceptable".

The next few months will be crucial in the effort to keep the country in one piece. The government is aiming to finalise its constitutional reform package by late spring, in time to be presented as an alternative in the independence referendum which Quebec is expected to hold by October.

Canada's inflation rate is expected to fall to 2.2 per cent this year from 5.6 per cent in 1991, the Conference Board of Canada said in its quarterly forecast yesterday.

The board, a business information group, said it was scaling down its earlier forecast of a 3.8 per cent inflation rate because of the unexpectedly severe recession, especially in the retail sector.

A steep drop in inflation, to one of the lowest rates among industrial countries, has prompted a surge of investment in Canadian securities over the past six months. The board expects a further marked decline in interest rates. The prime rate, now at 8 per cent, is forecast to drop close to 7 per cent this spring. Gross domestic product is expected to grow by 3.2 per cent in 1992 and the same next year, after shrinking by 1 per cent in 1991.

# Major hints at tax cuts before election

By Philip Stephens, Political Editor

MR JOHN MAJOR, the prime minister, yesterday fuelled intense speculation at Westminster that the government is preparing a tax-cutting budget as the platform for its general election campaign.

His comments in the House of Commons came amid indications that new tax allowances for working mothers and further incentives to encourage saving might accompany a reduction in income tax if Mr Norman Lamont, the chancellor of the exchequer, can find sufficient room for manoeuvre.

The prime minister's statement that "when it is prudent to make tax reductions we will make them" was reinforced by a detailed exposition by Mr Chris Patten, the Conservative party chairman, of the case for lower taxation.

Delivering the Disraeli Lecture in London, Mr Patten identified taxation as the central difference between the two main political parties. He added: "Conservatives reduce taxes, whenever that is consistent with our unshakeable commitment to sound money".

Senior ministers stressed that the final judgment on the room for reductions would not be made until much nearer the budget. A general election must be held by July 9 of this year.

Some of Mr Major's colleagues remain wary of charges of pre-election bribery which they feel might undermine the Conservatives' claim to responsible economic management. Mr Lamont will be anxious also not to risk upsetting confidence in the financial markets.

The ministers acknowledge, however, that the prime minister appears determined to seize the opportunity of reducing income tax - either through raising thresholds or by cutting the basic rate - if he can.

The prime minister reinforced that view in his first Commons clash of the New Year with Mr Neil Kinnock, the opposition Labour leader. He rejected Mr Kinnock's claim that he had ruled out as "fool's gold" any pre-election tax cuts in an interview last autumn. Responding that he had been "misquoted", Mr Major said he would cut taxes when it was prudent to do so because: "We believe that people are better able to look after their own interest than any government, however benevolent."

Conservative party officials said that plans were now firmly in place to call the election on either April 9th or May 7th following a budget on March 3rd or March 10th.

Some ministers favour the first budget date to give Mr Major the maximum amount of time to gauge the voters' reaction before deciding whether to go to the country in early April. But the signs last night were that Mr Lamont would prefer to wait until March 10th.

The officials said that recent meetings between Mr Major and his senior ministers had established the broad themes of his election manifesto, with the focus on widening personal ownership and extending personal choice. The budget measures would be designed to underpin that message.

In the absence of a "big idea" to draw a single thread through the manifesto, senior party officials believe that budget measures to lower the tax burden would offer the sharpest possible contrast with the opposition Labour party's prospectus.

Lex, Page 14

## King insists on nuclear deterrent for Britain

By David Owen

MR TOM KING, the defence secretary, claimed yesterday that the former Soviet Union retains a nuclear arsenal of more than 27,000 nuclear warheads, and argued it was vital for Britain to maintain a credible nuclear deterrent.

Although conscription has almost totally collapsed and there was "not a single competent Soviet warship" in the Mediterranean or the Indian ocean, Mr King insisted that a fourth Trident submarine was necessary for the Royal Navy.

The defence secretary told the House of Commons that there could be a new threat from countries which have been "trying to enlist the services" of the 3,000 or so former Soviet nuclear scientists who were capable of making "real contributions" to weapons programmes.

Speaking in a House of Commons debate designed to highlight Labour's perceived weakness on nuclear defence matters, Mr King also asserted that a sub-strategic nuclear capability was equally necessary.

He ignored opposition calls to confirm whether a firm order for the fourth Trident had been placed, stating only that tenders were being evaluated and it was the government's intention to proceed.

Mr King claimed that Labour was "split from top to bottom" on defence. Quoting a former editor of *Marxism Today* that Labour had "virtually abstained" from the post cold war debate, Mr King claimed 16 leading Labour spokesmen had "an anti-nuclear background."

Three successive Labour party conferences had voted for large reductions in defence expenditure, he added.

Mr Gerald Kaufman, Labour's foreign affairs spokesman, attacked the government for brandishing its nuclear weapons "like some kind of macho symbol" and argued that post-war Labour administrations had been "as diligent in providing for this country's defence as any other government."

He also called for Britain to take a lead in arranging a meeting of the eight nuclear powers to kick off the next phase of the Start process.

The elimination of "all eight stockpiles" was "the obvious and sensible goal" of such talks, although it was too early to say when this goal might be attainable.

Port in a storm: the docks at Tees and Hartlepool

## Port privatisation to be reappraised

By Richard Tomkins, Transport Correspondent

THE government was last night gearing up for an embarrassing reappraisal of its plans for the privatisation of the port of Tees & Hartlepool, Britain's second biggest cargo port.

Ministers were expected to tell MPs that they were to re-examine the £180m offer for the port from Teesside Holdings, a newly-formed consortium, in the face of a storm of protests from rival bidders, MPs and port employees.

Last month Mr Malcolm Rifkind, the transport secretary, said he was "minded" to give his formal consent to the deal as soon as a technical order paving the way for the sale had been approved.

But as MPs prepared to give ministers a rough ride over the sale during last night's debate on the order, there were signs that Mr Rifkind was preparing to concede the need for the case to be re-examined.

The sale of Tees & Hartlepool in north east England – the first of about 15 large trust ports destined for privatisation – was conducted by the non-executive members of the Tees & Hartlepool Port Authority.

Of the four bodies bidding for the port, they chose neither the Maritime Transport Services, operator of the Thamesport container terminal, which bid £210m, nor the hotly-tipped management-employee buy-out team, which bid £150m, but Teesside Holdings – a three-way venture between the Powell Duffryn industrial group, private interests in the Humberside area, and 3i, the venture capital group.

The developments are acutely embarrassing for the government because it has brought the trust port privatisation process into disrepute on the first occasion it has been put into use.

Mr Rifkind has tried to prevent repetitions of the arguments over Tees & Hartlepool by imposing an information blackout on the bidding process for future trust port privatisations.

## BCCI liquidation moves into full swing

By Richard Waters

THE worldwide liquidation of Bank of Credit and Commerce International (BCCI) yesterday moved into full swing as the High Court in the UK issued a winding up order against one of the group's two main operating arms.

A similar order against the other substantial part of the group was expected to be issued later in the day in the Cayman Islands.

It also emerged that BCCI's liquidators hope to conclude a compensation deal with Abu Dhabi, the bank's majority shareholder, by the end of this month. The deal is expected to involve the Gulf emirate paying the group's depositors between $3-4bn. In return, the liquidators would give up certain rights to sue third parties, including Abu Dhabi itself.

The High Court in London issued a compulsory winding up order against BCCI SA, the Luxembourg arm of the group which controlled the bank's branches in various countries, including the UK. Sir Donald Nicholls, the vice chancellor, said the bank was "plainly and hopelessly insolvent".

Earlier applications for a winding-up order, made by the Bank of England, had been adjourned to allow time for the provisional liquidators, from Touche Ross, to reach an agreement with Abu Dhabi over compensation. In court yesterday, Mr Michael Crystal QC, counsel for Touche Ross, said the liquidators hoped to conclude a deal by the end of the month.

Yesterday's application, brought nearly two weeks after BCCI SA had been put into liquidation in Luxembourg, was not opposed. Hearings in the Cayman Islands and Scotland yesterday, and in the Isle of Man today, had been arranged to coincide with the UK hearing, so that the worldwide operations of BCCI would move into liquidation at the same time. The liquidation of the Luxembourg-registered holding company is not expected until April.

The High Court granted legal costs to the provisional liquidators, the Bank of England, the depositors' group represented in court and former employees of the bank, to be paid out of money recovered in the liquidation. But the vice chancellor refused an application to pay the costs of Abu Dhabi, adding that he was "bemused" that shareholders should try to recover money at this stage when they are proposing to inject more substantial sums in the future.

## BT to lobby for rise in rental charges

By Hugo Dixon

BT, the UK telephone operator, wants to increase its line rental charges more rapidly than at present and to slow-down cuts in average prices during the review of its prices, which begins at the end of this month.

Two senior BT executives have also argued that the review, to be conducted by Oftel, the industry regulator, should not require it to make an immediate one-off cut in prices. They have also rejected suggestions that its profit levels are excessive.

The two executives – Mr Andy Green, director of public communications products, and Mr John Basgallop, head of UK regulation – have also revealed plans to introduce a series of optional pricing packages appealing to different types of residential customer. These packages, of which there may be more than half a dozen, would allow users to pay lower call charges in exchange for higher rental charges.

The executives said the review was taking place at a time of "tremendous uncertainty," particularly because new competitors were emerging following a change in government policy last year.

They said that the forthcoming general election and the fact that the term of office of Sir Bryan Carsberg, Oftel's director general, comes to an end in June added to the uncertainty.

BT wants a relaxation of current restrictions which prevent it increasing residential line rental charges by more than 2 per cent a year above inflation. Such a move would give BT greater freedom to bring prices into line with costs and to compete with new rivals. Mr Green described an alternative proposal, floated by Oftel, that average residential bills should not increase by more than the rate of inflation, as a "perfectly acceptable way ahead".

## BRITAIN IN BRIEF

### Core inflation rate lowest for 2½ years

Britain's core inflation rate fell further last month, reflecting sluggish demand but supporting government hopes that upward pressure on prices will continue to ease.

Figures from the Central Statistical Office show that in December the year-on-year rate of increase in prices of goods at the factory gate – the key measure of core inflation – was the lowest for 2½ years. In December, prices at the factory gate were only 5 per cent higher than in December 1990, compared with a rise of 5.1 per cent in the 12 months to November.

Although the figures provide little evidence of any immediate respite from the economic gloom, the government believes lower inflation will provide the platform for higher industrial investment and a recovery later this year.

### Major fails to avert BR clash

Mr John Major, the prime minister, failed yesterday to resolve a potentially damaging clash in Cabinet over British Rail privatisation which threatens to delay yet again the publication of government plans for the sale. After a meeting chaired by the prime minister officials said ministers were "a long way off" deciding between the three options different government departments are promoting. If not resolved quickly the row could embarrass Mr Major in the run up to the general election when British Rail privatisation is set to be a central part of the Conservative party's manifesto.

### Ford to lift car prices by 3.7%

Ford is to increase its car and van prices by an average of 3.7 per cent from midnight, January 26. The move by Ford, as market leader, is expected to trigger what has become a traditional New Year round of increases by manufacturers and importers. The company says the increases reflect improved vehicle specifications, and higher costs.

### Takeover Panel appoints chief

Mrs Frances Heaton, the first woman to be appointed director general of the Takeover Panel, has declared her intention to put more weight behind the views of industrial and commercial companies. The director of Lazard Brothers, who takes over as director general on 11 March, said one of her main objectives was to ensure that all interested groups were involved in the formulation of views on takeover policy. This would involve "not just the practitioners, who are the intermediaries, but also their clients," she said.

Flying the flag: Mr Sandy Goodall (pictured) has seen business for his flag making company boosted by the break-up of the Soviet Union. Founded six years ago, Northern Flags, based in Leeds, north England, has sold hundreds of Russian red, white and blue tricolours since last summer. The influx of work has helped his company defy the recession, increase its workforce to 12 and boost 1991 turnover by 10 per cent to around £750,000.

Mr Goodall sometimes seeks the Foreign Office advice when customers face delicate decisions on what flag, if any, to fly. He is also keeping abreast of developments with an eye to their flag-making spin-off. "It's a question of watching the political situation – it's a changing world," he says.

### Investment stabilises

The level of capital expenditure among companies in the West Midlands is likely to stabilise over the next six months after falling since 1990, according to a new survey of regional business opinion published today. But there is no indication of a surge in investment spending in the region, which is seen as a barometer of the UK's manufacturing sector. Rather, the survey's analysts conclude that "firms are no longer cutting capital expenditure but are maintaining them at current levels." The survey, conducted by Wolverhampton Business School, Warwick Business School and Price Waterhouse, consultants, at the end of last year covered over 1200 companies.

### Steel prices to rise in April

British Steel plans to increase prices in April for some of its main products, in its most determined attempt yet to halt the fall in steel prices which has hit its profits over the past two years.

The company said it would be implementing price increases of between 3 per cent and 4 per cent for its main strip mill products mainly made at its south Wales plants. The move to increase basic list prices for these products follows its decision to withdraw price discounts of about 5 per cent from the turn of the year. The increases are a concerted attempt by British Steel to put a floor under steel prices in advance of expected sharp increases in costs.

### Increase in equity issues

Companies and public authorities announced new issues worth £968m last month, compared with £2.4bn in November, according to Bank of England figures. The total new issues for 1991 was £31.2bn, up from £19.9bn in 1990.

### US drinks cans head eastwards

More than a billion old drinks cans discarded by North Americans are to be shipped to Britain each year to feed a new recycling plant.

## UK NEWS

# Devaluation forecast as inflationary

**By Peter Norman**

A SENIOR UK official yesterday warned that a devaluation of sterling would put Britain back in the European Community's "third division" in terms of inflation and lead to a further rise in interest rates.

Mr Walter Eltis, director general of the National Economic Development Office (Nedo), said that reducing sterling's value or trying to force down interest rates would do nothing to alter the underlying challenge facing the UK economy, which was to ensure that Japanese-style best practices in management were adopted by industry.

He told a conference on the UK economy, organised by the Institute of Economic Affairs, the free market think tank, that Britain needed another nine year period of expansion, like that of the 1980s, which would allow further industrial restructuring.

Mr Giles Keating, the chief economist of Credit Suisse First Boston in London, warned that recovery could be hindered by weakness of the banking sector and also urged a substantial cut in bank base rates this year. He said political uncertainty was adding to the linked problems of the pound and high interest rates.

# Bid increases pressure for airport sale

**By James Buxton, Scottish Correspondent**

BAA, formerly British Airports Authority, yesterday came under increased pressure to agree to the sale of Prestwick airport in Scotland after it received a bid of £4.75m for the under-utilised facility.

The bid was made by AAP, a company controlled by Mr Peter Kay, a Scottish-based businessman. AAP said it began talking to BAA a year ago and was making the bid now because "the passage of time is to the detriment of Prestwick airport."

It said BAA had offered to lease the airport to AAP in July 1991 and in August the privatised company had discussed an outright sale.

AAP's bid came as a surprise to a rival consortium, the Ayrshire Community Airports Project (ACAP) which is chaired by Mr George Younger, chairman of the Royal Bank of Scotland and Conservative MP for Ayr, a long-time supporter of Prestwick.

Mr Bill Miller, for ACAP, said it was deep in negotiation with both BAA and with British Aerospace (BAe) which has a manufacturing plant and flying school at the airport. "We had hoped to know where we were on the deal last week," he said. "Things are at a very sensitive stage."

BAA made clear last spring that it was willing to consider bids for Prestwick. In March 1990 the government removed Prestwick's monopoly on transatlantic flights from Scotland. Airlines immediately transferred to Glasgow.

Latest arrival: a fresh £4.75m bid for the under-utilised airport on the Scottish west coast surprised a rival bidder

Prestwick's turnover in the year to March 1991 fell to £4.8m against £9.3m the previous year. No regular passenger flights are using the airport this winter though charter flights operated last summer. Last Sunday 1,650 passengers arrived at Prestwick as aircraft were diverted there from Heathrow and Gatwick.

The Commercial Aircraft division of British Aerospace (BAe) makes Jetstream aircraft at Prestwick. BAe said last month it was also in discussions with BAA on buying the airport. It said the survival of the runway at Prestwick is vital to BAe.

BAA in 1990 gave assurances that if there was a change of ownership at Prestwick it would ensure that any purchaser kept the runway open. No time limit was apparently placed on this guarantee.

AAP, a plc which was bought off the shelf by Mr Kay, believes it can run Prestwick more economically and successfully than BAA.

AAP says it takes account of the vital importance of BAe to Prestwick and has given BAe firm undertakings "regarding their security of tenure."

ACAP, the rival bidder, says it is trying to devise a solution that would satisfy both BAA and BAe and which would honour the commitment to keep the runway open.

BAA said it had received the AAP bid but would not comment on it. It said that that it had failed to reach agreement with ACAP last August because ACAP could not meet guarantees requested by BAA. BAe said it had no comment to make.

● A record 10.8m passengers used Manchester airport last year despite the recession and disruptions to the travel industry caused by the gulf war. International traffic slipped 2 per cent to 8m passengers and the recession caused a drop of 10 per cent in domestic passengers to 2m. Chartered business offset these falls with a 6 per cent rise to 5.8m.

# British Gas to decide on investigation by MMC

**By Deborah Hargreaves**

THE BOARD of British Gas meets today to decide whether to submit to a far-reaching investigation by the Monopolies and Mergers Commission.

The meeting comes after Ofgas, the industry regulator, expressed reluctance to accept one condition the company attached to its agreement to halve its share of the industrial gas market by 1995.

British Gas has agreed with the Office of Fair Trading to cut its industrial market share from 90 per cent to 40 per cent and hive off its transport division into a separate company.

Following these changes, the company is expecting Ofgas to review a tough new formula for domestic prices which was agreed last year and is due to come into force in April.

British Gas has until tomorrow morning to inform the OFT if it will go ahead with changes to the industrial market without conditions attached.

# Pets fare better in Britain than Greece

**By Guy de Jonquières, Consumer Industries Editor**

BRITISH consumers spend, on average, 15 times more than Greeks every year on petfood – but less to buy food for themselves and their families than citizens of any European Community country except Portugal.

The British also take more holidays than any other European nation and read more daily newspapers than any of their continental neighbours.

These snapshots emerge from a survey of spending patterns published by the Woolwich building society, which claims that in spite of the recession, Britons are better off than consumers in many other parts of the EC.

Sixty-four per cent of Britons now take annual holidays, compared with 60 per cent of Dutch and Germans.

British holidaymakers, however, are relatively modest spenders, laying out £464 a year each, less than consumers in the other two countries and only two thirds as much as the Spanish.

Judging by the £343 a year they each spend on alcohol, second only to the Danes, the British might appear to be a nation of dipsomaniacs. But the figure mainly reflects high prices: UK consumption of wine and spirits is low by European standards, and beer consumption only average.

Perhaps British consumers finance their drinking by skimping on food, on which they spend £1,401 per head each year. That is half as much as consumers in western Germany, where food prices, except for steak, are comparable to those in the UK.

Nor do children appear to be over-indulged in Britain. Annual spending on toys on games, at £18 per head, is well below the £38 in France and even less than the £22 which the average Briton spends on petfoods.

Finally, Mrs Thatcher's vision of Britain as a nation of homeowners takes something of a knock. Though 65 per cent of Britons are owner-occupiers, the proportion is higher in Greece, Ireland, Italy, Portugal and Spain.

## FT LAW REPORTS

# Bank cannot retain leases as security for overdraft

DEUTSCHE BANK AG v IBRAHIM AND OTHERS
Chancery Division
(Mr DE Neuberger QC sitting as a deputy High Court judge):
December 18 1991

**A BANK is not barred by the unenforceability of an overdraft guarantee for lack of written memorandum, from asserting its right to retain title deeds deposited with it under a contract to secure the overdraft. But the owner of the deeds is entitled to their return if there was no contract between him and the bank, in that consideration for the deposit passed not to him but to the customer. Also, he would be entitled to their return even if a contract were to exist, if he agreed to their deposit as a result of the customer's undue influence of which the bank had notice.**

Mr DE Neuberger QC, sitting as a deputy Chancery judge, so held when giving judgment for the defendants on further argument on a claim and counterclaim in an action by Deutsche Bank AG against Mr Datuk Mohamed Ariff Haji Ibrahim and his two daughters.

On December 3, 1991, the judge dismissed the bank's claim for a declaration that it had valid equitable mortgages of two leases owned by the daughters, held by the bank as security for Mr Ibrahim's overdraft *(FT, December 13, 1991)*. He held that the bank could not enforce the security because it constituted a guarantee which was unsupported by a written memorandum signed by the daughters in accordance with section 4 of the Statute of Frauds 1677.

Section 4 provided that no action should be brought "upon any special promise to answer for the debt default or miscarriage of another" unless the agreement on which the action was brought or some memorandum or note of that agreement, was in writing and signed by the party to be charged with the promise.

The daughters' counterclaim for delivery up of the title deeds was adjourned for further argument until the present hearing. At the hearing the bank applied to recall the judgment on the claim for further argument. It wished to raise two new arguments aimed at rebutting the defendants' reliance on section 4.

The application was granted on the grounds:
(1) that the argument related to a point taken and pleaded for the defendants after the case had opened;
(2) the hearing had not closed, in the sense that the counterclaim still had to be argued;
(3) there was no suggestion of prejudice to the defendants outside the proceedings in that they had not acted in reliance on the judgment, nor inside the proceedings in that the argument was one of law and did not require further evidence.

HIS LORDSHIP said that the first new argument on the claim was that draft memoranda sent by the bank to the daughters on November 19, 1985, for signature were sufficient to satisfy section 4.

Those memoranda recorded the deposit of the title deeds as security for Mr Ibrahim's indebtedness, and asked the daughters to acknowledge that fact.

The court had found that the memoranda were received by the daughters, but were never acknowledged by them, nor executed them in any way.

In those circumstances they were not sufficient memoranda for the purposes of section 4.

The bank said the memoranda had the daughters' names on and therefore should be treated as having been authorised by them because, having received them, they stood by and did nothing.

It would be quite wrong in legal principle or common sense to infer approval on the daughters' part, whether of the memoranda generally or of inclusion of their names.

The second new argument on the claim was that the daughters should not be able to use section 4 as an engine of fraud.

The argument was rejected.

The circumstances in which the engine of fraud principle might be invoked were restricted to two classes of case, set out in *Williams on the Statute of Frauds, section 4 1932, page 223*:

"1. Cases where one party has partly or wholly performed his side of the contract and the other thereupon, designing to secure the benefit of such performance without performing in return the obligations which the contract imposes on him, sets up a plea of non-compliance with the statute. 2. Cases where such a plea is set up by one who has, by fraud, prevented the execution of sufficient writing."

The bank could not bring the facts into either class. Mere refusal to sign was not enough (see *Wood v Midgley 5 De GM & G 41*).

The second new argument was therefore rejected.

Accordingly, despite recall of the judgment dismissing the claim, the further argument did not cause the court to alter its conclusion.

The claim having been dismissed, the daughters counterclaimed for return of their title deeds.

They argued first that as the claim failed under section 4, the counterclaim must succeed.

The bank said section 4 did not provide that the absence of a signed memorandum rendered a guarantee contract void. It merely provided that no action might be brought on the contract.

Accordingly, the bank argued, it could contest the counterclaim and refuse to hand over the title deeds on the basis that they were deposited as security for Mr Ibrahim's borrowings, which had not been repaid.

In *Maddison v Alderson(1888) App Cas 467, 475* Lord Selborne said section 4 "does not avoid parole contracts but only bars the legal remedies by which they might otherwise be enforced".

The counterclaim would have been dismissed had it been based only on that ground.

However, the daughters had raised other points.

First it was said there was no consideration for the guarantee.

The court accepted that Mr Ibrahim's promise to provide the title deeds was made in consideration of the bank's extending his right to an overdraft.

But the question was whether he was making that promise on behalf of his daughters.

There was nothing to suggest that he had their express authority to make the promise.

There was nothing in the documents or in the evidence to suggest that he sought their consent to commit them to depositing the title deeds as security for his overdraft.

The bank then alternatively relied on estoppel.

There was no action or omission on the bank's part after the title deeds were handed over to it which gave rise to any argument of estoppel.

On the evidence there was nothing the bank did or did not do which it would or would not have done if the title deeds had not been handed over to it.

Unless the bank could establish some sort of estoppel in relation to the deposit of the title deeds, it was in the same position as a bank which had gratuitously received title deeds from a third party as security for the debt of another after that debt had been incurred, following which the third party changed his mind and sought to collect the title deeds from the bank.

Unless the bank could say it had acted to its detriment in reliance on the security, there being no contract, it would be obliged to hand back the title deeds.

Accordingly, the daughters' argument based on absence of consideration succeeded.

Their final point was that if there was a contract between them and the bank it was voidable or void on grounds of undue influence.

Where two people who were unmarried provided security for the liabilities of their father without any independent legal advice, there was a presumption of undue influence (see *Lancashire Loans v Black [1934] 1 KB 380*.

There was no evidence that the daughters got independent advice.

When the bank saw the leases in November 1985 it almost immediately appreciated that they were granted to Mr Ibrahim's daughters.

It knew enough to be unable to claim to be an innocent third party without notice so far as voidability of the agreement at the daughters' suit was concerned.

It knew the title deeds were being offered as security for Mr Ibrahim's overdraft. It knew they were in his daughters' names. It must have appreciated that it was through his influence on the daughters that the title deeds were produced.

It would be inappropriate for the court to criticise the bank's conduct of the matter. All it could say was that if an organisation chose to deal with matters in a comparatively informal way, it could scarcely claim it had no notice of matters such as undue influence in circumstances such as these.

Judgment for the daughters on the counterclaim.

*For the bank: Guy Fetherstonhaugh (Clifford Chance).*

*For the daughters: John Lambert (Stunt Palmer & Robinson).*

**Rachel Davies**
*Barrister*

## MANAGEMENT

# Blasts of hot air help to clear the atmosphere

**John Gapper** reports on a US group's efforts to involve its workers

At Bethlehem Steel's vast plant on the southern tip of Lake Michigan, a blast furnace worker is being rude about a foreman.

A group of workers and managers listen as Brian Piers criticises the supervisor for acting as if he knows everything about steel-making. "He's been here since the furnace was made of wood," says Piers dryly.

Such tension between workers and those in charge of them is common in any workplace. But the reason for Lee's remarks is exceptional: he has been asked to be offensive as part of a training course. The group of a dozen employees is halfway through a three-day course aimed at raising the involvement of workers in decision-making.

Bethlehem Steel is one of many American companies now feeling their way towards new forms of work organisation. Its employee involvement programme at the Burns Harbor plant is part of a broad attempt to push down the level at which decisions are taken and free workers from a traditional model of overbearing management control.

The experiment is not the most radical in American workplaces. Car making is one industry which has moved swiftly towards team working and employee involvement. Companies such as General Motors have been pushed into experiments including one at the Saturn plant in Tennessee by the salutary example of Japanese working methods.

But Bethlehem's smaller-scale effort is notable in two ways. It is ironic because Bethlehem Steel was one of the first companies in which traditional working practices were developed 80 years ago. And despite some unions' suspicion of employee involvement programmes, this one is being jointly run with the United Steel Workers of America.

The USW has proved a tough adversary for the American steel makers in the past. It has achieved high wages for its members and was criticised as intransigent and short-sighted by Sir Robert Scholey, chairman of British Steel, when negotiations over a joint venture between the two companies collapsed last November.

But the union is enthusiastic about the employee involvement venture despite some initial misgivings. "It is a dramatic change for us," says Paul Gipson, president of the USW local branch. "It does not take us away totally from the adversarial picture, but it certainly gives us a lot more participation in decision-making."

On the company's side, there were also early fears about the idea. "If you had told a steel executive in the 1940s about something like this, he would have said it was communism," says Gary DeHart, the plant's human resources manager.

But he believes it has already helped to raise the company's profitability and production quality. This has not been achieved without difficulty.

Employee involvement was introduced in the 1988 wage deal as part of a complex profit-sharing arrangement. But the formula was abandoned last year after a series of disputes and the employee involvement programme was left to carry on without being linked to workers' pay.

All the plant's 4,600 hourly-paid workers are to attend a three-day course in employee involvement and team working by 1993. The company and the union have established 42 problem-solving teams throughout the plant.

The teams include management and union representatives as well as workers from each unit and department. The aim is simple, according to Bill Brooks, the management co-ordinator of the programme.

"We did not have people who could sit down together and talk. That was our starting point," he says. "We had people who would even go to great lengths to avoid seeing each other physically."

Such a manoeuvre is possible in many parts of the three-and-a-half mile long plant. Built in 1962, it is Bethlehem's newest integrated plant and one of its most profitable.

Despite the contraction of the steelmaking plants in Pennsylvania during the 1980s, Bethlehem made $800m of capital improvements to Burns Harbor.

Burns Harbor is one of five plants lining the shore of Lake Michigan, which produce about 20 per cent of America's steel. Two-thirds of the sheet steel from Burns Harbor is for the automotive industry, and the rest goes to consumer and office products. Its plate steel is mostly used for railways and shipbuilding. Brooks and John Greaves, the programme's union co-ordinator, share an office. As if to emphasise the joint nature of the enterprise, it is arranged symmetrically.

Bethlehem Steel's Burns Harbor plant: freeing workers from overbearing management control

Above Brooks' desk is a Bethlehem Steel pennant, above Greaves' a USW pennant. Between the two is a poster of a common cause: the Chicago Bears football team.

The two men administer the programme and the training sessions in which workers are taught about new approaches to management which try to engage the commitment and participation of the whole workforce.

"It is easier to have an adversarial relationship. This way is better but it is tough to make it work," says Brooks.

There is a considerable irony here, for it was at Bethlehem Steel at the turn of the century that Frederick Taylor developed his theories of scientific management. Taylor's ideas about not allowing workers autonomy and controlling work strictly helped to develop the traditional assembly line in many US companies.

In the training room opposite the office, a training session is in progress. The trainer is Marty Marciniak, a former machine shop worker. He is asking questions and cajoling the group of 10 workers, surrounded by posters with slogans such as "The best decisions will result when they are made at the lowest practical level".

Part of the involvement programme is a suggestions scheme, which now draws about 200 suggestions a month. The programme costs about $950,000 a year to run, but the company estimates that it made a net saving of $3.4m dollars from the scheme in 1989, apart from the improvements in efficiency from greater co-operation.

Although the average age of workers at Burns Harbor is 42, the plant has a relatively young and well-educated workforce for the steel industry because it was built in the 1960s.

"We have no burden of history. They were all brand new when they started, and they do not talk about the labour battles of the 1930s," says DeHart.

That was one advantage in starting the employee involvement programme. Another was the plant's profitability, according to Gipson of the USW.

"It think it is unique that we were not forced into it by the need to make money. We wanted to make the plant more comfortable rather than more profitable," he says.

The employee involvement process is at a relatively early stage, and is being used to influence worker attitudes rather than change working practices. Even this degree of co-operation scares some managers, according to DeHart.

"For managers who are used to the control mode, it is a very frightening thing," he says. But he believes the company is now committed to developing the process.

"You go through an early cosmetic phase when managers still make decisions although they pretend to discuss them, but the evolution is inexorable," he says "Soon you are no longer pretending and the workers are really part of the process."

*John Gapper is currently a Harkness Fellow of the Commonwealth Fund, New York*

# A safety net for pensioners

## By Norma Cohen

Revelations of the missing millions at the Maxwell companies' pension funds have set off a clamour for tougher laws for trustees and fund managers.

The National Association of Pension Funds thinks the answer is to broaden the boards of trustees and to put strict limits on pension funds investing and dealing in the company's own shares. Others have suggested that trustees should have to pass a "fit and proper" test.

But Robin Ellison, partner at Ellison Westhorp, pensions solicitors and a member of the Occupational Pensions Board, argues that existing pensions law protects members against the alleged transgressions by the Maxwell funds. That view is shared by many within the pensions industry who point out that if Robert Maxwell did transfer pension fund assets to his personal accounts, the actions would be illegal by any definition. Instead, Ellison argues that what is needed is not laws, but insurance.

Already, most pension fund trustees who are also company directors are covered by so-called "directors and officers" policies. Fund managers usually have an "errors and omissions" policy to cover them for oversights or negligence in their administration of funds.

But the amounts insured by these policies are small relative to the funds under management. "The highest limit we've heard of for trustees is £5m," said Michael Ambrose, associate director of insurance brokers Alexander Stenhouse. For fund managers, insurance policies never exceed £25m, an amount that would do little to help the members of the Maxwell company pension funds.

Obtaining insurance cover against fraud is problematic in any industry. "We cannot indemnify individuals against the consequences of their own dishonest acts," said Reg Brown, underwriter at R.E. Brown, a Lloyd's insurance syndicate and a specialist in indemnity insurance in the financial industry. "It would be like giving someone a licence to print money.

Blanket bonds, typical in the banking industry, insure corporate managers and directors against the dishonest actions of their own employees. But a group of pension fund trustees, for instance, could not insure itself against fraud. Brown said that pension fund beneficiaries can – and do – obtain insurance of that type. However, the ceiling on reimbursable losses is roughly £20m – too little to comfort the Maxwell fund pensioners.

Ellison is urging a policy that does not yet exist. He suggests that pension fund managers should be required to obtain insurance equal to the amount under management. Insurance companies would then price their policies after assessing the internal controls of the fund manager or trustee rather than their competence in earning a high return on investment.

Well managed firms would pay low premiums, while those that were sloppy would pay more. Given the low historical incidence of misconduct among pension fund managers or trustees – the Maxwell funds are the first scandal within memory – premiums should be affordable even though insurers would be asked to cover billions of pounds of liabilities.

To pension fund managers, a market approach to regulation has some appeal. "It's a very interesting concept," said Clive Gilchrist, of Aberdeen Trust and chairman of the NAPF's investment committee. "If everybody had to obtain it, given the history of low risk, I'm sure it would be available."

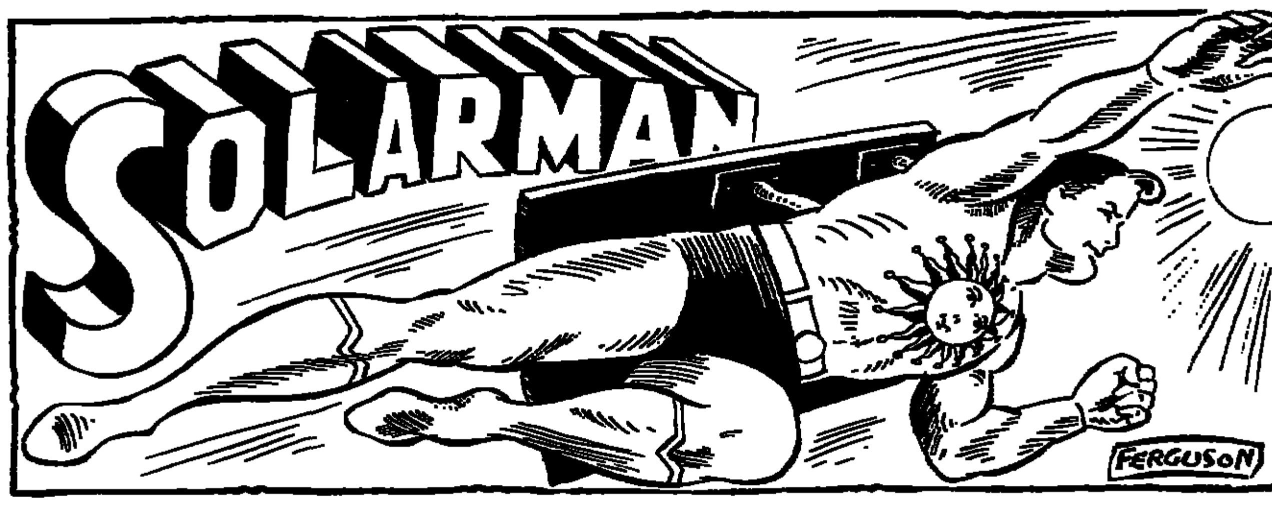
The catch, Gilchrist says, is that the insurers would have to set premiums reflecting the risk of each individual fund manager. "Otherwise you get a savings and loan situation," he said. In the US savings and loan industry, risky institutions paid the same insurance premiums as healthy ones, leaving no incentive to invest assets safely.

But the insurance industry is chary of taking on the task of evaluating either the probity or the efficiency of the fund management industry. "Insurers tend to be very bad regulators," Brown said.

## BUSINESS AND THE ENVIRONMENT

Charles Arthur reports on the latest developments in sun power

# Saving the day for solar energy




Why is one of the UK's most important research centres into solar energy located indoors? It's not a joke, especially not to Professor Brian Brinkworth, who is in charge of the laboratory at Cardiff University's mechanical engineering department.

"It's because you can simulate different conditions far more accurately," he explains.

Most people expect an answer blaming the British climate, saying you cannot generate solar power if the sun does not shine.

However, such beliefs – allied with a damning report in 1980 by the Department of Energy which decided that solar energy was too uneconomic to merit government help – have put the solar power industry in the UK under a cloud for more than a decade.

But now confidence is rising. A new report on the economic strengths of the technology is due out in the next few months from the government's advisory body, the Energy Technology Support Unit (Etsu) at Harwell. "I think the government is prepared to look at solar energy in a much better light," says Roy Swayne, director general of the 30-strong Solar Trade Association (STA), an industry body of makers and fitters of solar equipment.

Business is booming among STA members: the first six months of last year produced double the work of 1990, continuing a rising trend over the past three years.

"After two hot summers and two mild winters, people are beginning to get interested again," Swayne says.

For the STA bloomed before, in 1980 when it had more than 100 members. Business, measured in the number of square metres of solar panelling installed, hit a peak that year at roughly 21,000 square metres.

Then came the government report, as well as the realisation among the public that some of those providing systems were cowboys. Business shrank – down to about 5,000 square metres in 1985. And installations in the UK are expected to exceed 10,000 square metres again this year.

The key to this revival is the public's perception of the industry. In the 1970s and early 1980s those promoting solar energy offered it as a solution to high energy costs. Now the justifications are environmental: it is non-polluting and kind to rainforests.

Solar energy systems can absorb any ambient solar radiation. "There are hardly any days when you don't get any sunshine at all," says Brinkworth. "There is just a big seasonal variation. And nowhere on earth gets more than three times the solar radiation that we do here."

The systems fall into three categories:

- In "active" systems an outside panel absorbs radiation, and heats up a storage medium – typically water. This is circulated by a pump. Used in hot water systems or central heating, active solar systems can save between 50 and 65 per cent of a home's annual energy costs. Roughly 45,000 are installed in the UK. A system with four square metres of solar panelling costs about £1,000.
- Passive systems are facets of building design, such as smaller windows and the use of double-glazed conservatories to create a private "greenhouse effect". Government estimates say that by 2025 widespread use of passive systems could shave £100m off the nation's fuel bill and reduce carbon dioxide emissions by 2m tonnes.
- Photovoltaic systems were originally developed for space-going satellites but are now familiarly earthbound on everything from watches to calculators. They typically contain silicon-based semiconductors, which generate electricity directly from light. They have no moving parts but high manufacturing and material costs make them roughly 10 times more expensive than coal or nuclear power.

There are no manufacturers of photovoltaics in the UK, though BP Solar (a BP subsidiary) makes them in Spain and Australia. Most manufacturers are Japanese or American, with a few in Italy, Germany and the Netherlands.

Industrially, the technology is regularly used to power remote sensors far from the electricity grid. Users include Thames Water, British Telecom and even the national grid itself.

For all three forms, government support in research is vital, which is why the decisions of 1980 still rankle. "They got it all wrong, says Swayne. "They averaged everything, rather than looking at what the best results were."

In 1980 the Department of Energy classified alternative energies as suitable for medium- or long-term research funding. Passive solar heating was identified as a short-term solution, and therefore was not eligible for funding.

Active solar systems meanwhile lost on economic grounds. "They said it didn't compete with existing fuels," says Swayne. "That included nuclear. But they hadn't looked at the real long-term costs of nuclear power – of decommissioning."

Photovoltaics were dismissed as energy sources in the mid-1970s, and again in 1982: "The Department decided it was not practical," says Brinkworth. "But the rest of the world didn't. The impression given by the report's conclusions at the time seriously set back the industry's own efforts and research. Work in other countries has progressed, but the UK has only just kept going."

Other countries have been more enthusiastic about solar power as a supplement to conventional energy sources. Japan has an operational 1MW photovoltaic power station. Germany gives tax allowances on solar systems, which has made it the biggest market in Europe. In the Netherlands, government grants of up to 60 per cent of the installation costs are available for photovoltaic systems. But in the UK, says Etsu, no incentives are provided.

However, last November Colin Moynihan, the energy minister, announced a £150,000 feasibility project to investigate the potential for using large, amorphous silicon panels as cladding for buildings. The project will be carried out by BP Solar and will supplement its electricity supply. Although such panels are about 5 per cent less efficient than smaller systems, they have the advantage of size: they can be hundreds of metres square.

Photovoltaics may have the brightest future of all the solar technologies. In a recent issue of Nature magazine, Brian O'Regan and Michael Grätzel announced a system which captures 46 per cent of available light and converts more than 80 per cent of that into electricity – giving overall efficiency of 37 per cent. The scientists say that is more efficient than photosynthesis in plants.

It compares with present photovoltaic systems which are between 12 and 14 per cent efficient. The new system uses very thin films of titanium dioxide on glass, which can convert the longer light wavelengths in the infra-red.

However, until that development reaches the market, solar power companies have to make do with what they have.

Solar power enthusiasts also know they have not really crossed the divide from "alternative" to practical until industry starts buying their products. "There's a big market there, or should be, for energy savings through heat exchangers," says Roy Blower, managing director of Filsol, a solar heating installer.

The reason offered is that unlike domestic buyers, industry wants a very rapid payback. "If it's longer than two years they put a big question mark against it," Blower adds.

The solar industry is also fighting to widen its typical buyer beyond the typical profile – middle-aged or retired, middle-class, with some money to spare, perhaps after children have left home.

Young buyers are rare. As Swayne puts it: "For young people, if the choice is between buying a new car or a solar energy system, they buy the new car every time."

# Green tinge to company books

By Andrew Jack

UK companies could soon be blushing green with embarrassment over their environmental and safety records if a private member's bill successfully passes its second reading in Parliament on Friday.

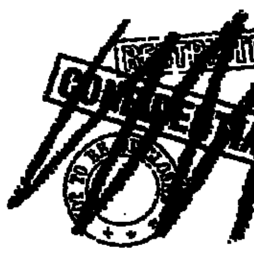
The Corporate Safety and Environmental Information Bill, sponsored by Jeff Rooker MP, would amend the 1985 Companies Act and force businesses to add a new section to the directors' report in the annual report and accounts.

Any company with more than 50 employees would have to include a new paragraph called "Safety and the Environment" alongside existing required disclosures on issues such as the disabled, political contributions and employee consultation – as well as pure financial information.

Information required to be disclosed includes:

- Enforcement notices served by the regulatory authorities.
- Convictions for environmental and safety offences.
- Serious accidents suffered by employees.
- Compensation payments made after injury or fatal accidents.

The idea originally came from the Citizen Action Compensation Campaign. Henry Witcomb, a barrister who helped draft the bill, says: "Our concern was that existing legislation doesn't do enough for prevention. It just leads to compensation, which is never adequate. Putting the facts down on paper should be a crucial stimulus to change."



Some safety and environmental action taken by regulatory bodies is already published in local public registers. However, the information revealed is relatively minimal and inaccessible.

Emily Russell, a researcher with the Campaign for the Freedom of Information, which jointly sponsored the bill, said it took a long time to unearth details of action taken against companies. She analysed more than 20 large companies convicted on safety or environmental offences during financial years since 1989. None revealed this information in annual reports.

For example, during 1990 ICI received a £100,000 fine after two workers were killed by an explosion in 1988, and a £250,000 fine after another explosion killed a fireman and injured 93 people in March 1989. The annual report simply stated: "ICI places the highest priority on the safety and health of employees, customers and the general public."

Shell Transport and Trading Company received a £1m fine in February 1990 after 156 tonnes of crude oil spilled into Mersey from a fractured pipeline. No mention is made of the incident in the report and accounts.

Russell argues that companies already have to collate most of these statistics for statutory purposes. She argues that any additional costs in their compilation and presentation in accounts would be minimal.

"The bill would force directors to place their true record against the public relations blurb they usually produce," she says. "But it doesn't have to be negative. It allows companies to put the action into context and explain any remedial action they have taken."

A separate survey conducted last year by Company Reporting, a journal which monitors annual reports, unearthed similar lack of disclosure. In a sample of 670 annual reports it found that only 8 per cent highlighted environmental information in a separate statement. "The majority of disclosures are of such a low level as to be virtually meaningless," it said.

Courtaulds, the chemicals and fibres group, supports the spirit of the bill. Freddie Daniel, public affairs manager, says: "I think the initial response from some companies is likely to be defensive, but there is no point keeping your head in the sand. We try to take as open an attitude as we can." However, he says simple totals should be given in the report to prevent a very long list, with a separate report giving further details; and that the privacy of individual confidential compensation payments should be respected.

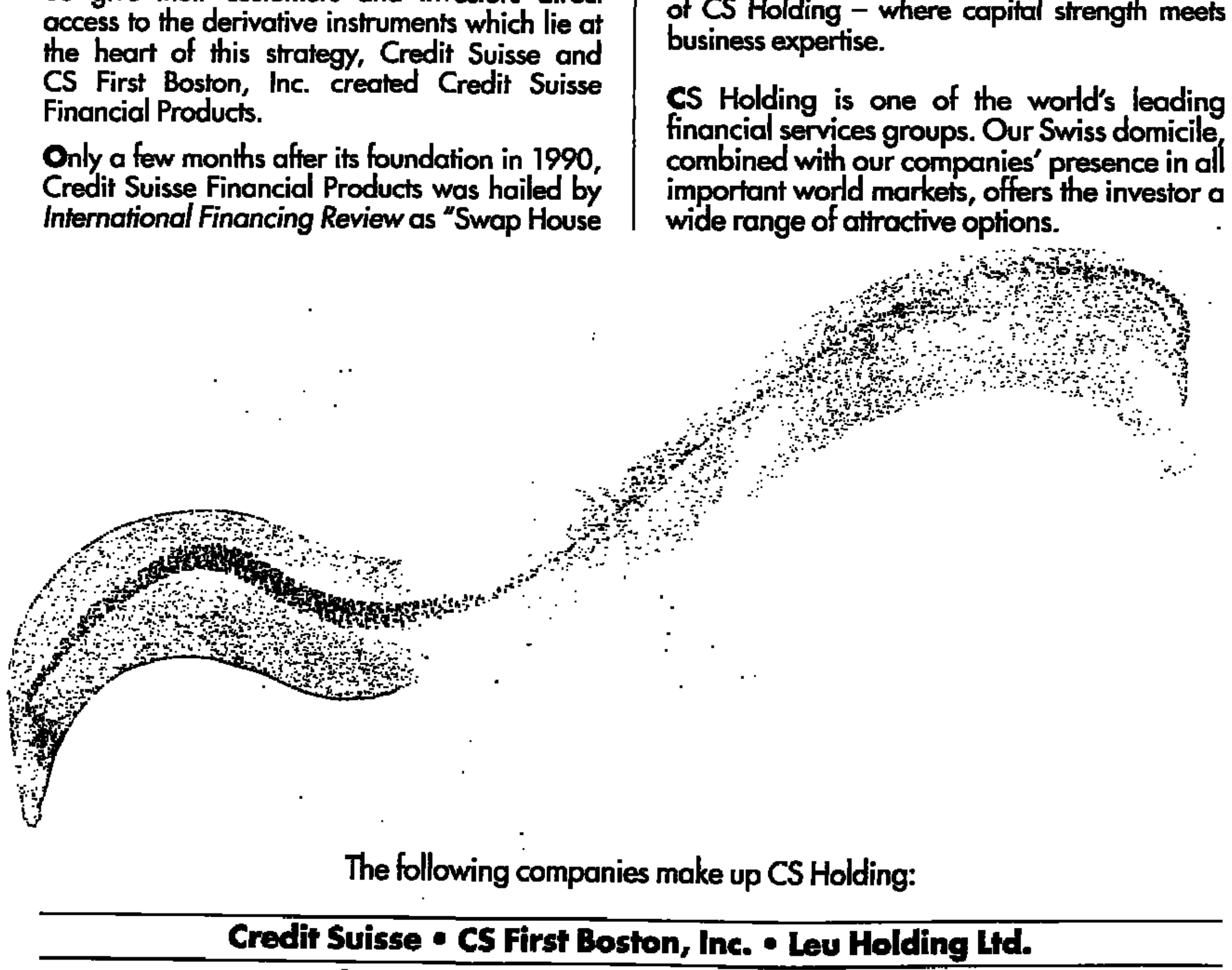
He also adds that many environmental and safety problems are caused by employers in sectors such as farming and construction with fewer than 50 employees, which are excluded under the current wording of the bill.

Rob Gray from the University of Dundee, who specialises in "green accounting" issues, says: "I am pleased to see any developments in the annual report like this. Whether publishing this sort of information achieves anything is unclear. But at least it would disclose new facts, and act like a ratchet on greater disclosure."

But first the campaigners face what is likely to be an extremely difficult task in trying to get the bill through parliament on Friday.

The Department of Trade and Industry, for example, is believed to be opposed to the bill, on the grounds that while the information it would require to be disclosed is important, the annual report is not the appropriate vehicle in which it should appear.





# The Bells

**RIVERSIDE STUDIOS**

After his first night triumph in *The Bells* at the Lyceum in 1871, Henry Irving was asked by his wife on the way home to Fulham: "Are you going to go on making a fool of yourself like this all your life?" Whereupon, the family history goes, Irving descended from the carriage, at Hyde Park, never went home, nor spoke to his wife, again.

Over the years Britain's first actor-knight performed the leading role in *The Bells* more than 800 times and was still performing it almost the night before he died in 1905. Afterwards, the role passed to his elder son, H B Irving, who went on playing it to some acclaim until the end of the First World War.

That information is drawn from a fascinating book, *Henry Irving and The Bells*, published by the Manchester University Press in 1980. Some of the history is worth bearing in mind if you contemplate seeing a new version of the piece by Daryl Runswick from the Green Light Music Theatre at the Riverside Studios in Hammersmith. For *The Bells* is full of paradoxes.

Although thought of as a quintessential bit of British theatre history because of the association with Irving, it is not an English play. The original version was called *Le Juif Polonais* and was first performed in Paris just before the Franco-Prussian War. The action is set in Alsace. Several versions quickly appeared in London: it was a drunken journalist/lawyer named Leopold Lewis who turned the original into the more English-sounding *The Bells* which was to be the making of Irving. The bells are those of a snow-sleigh, not the church.

Philip Langridge

It is also questionable how far the piece can be accurately described as a play. There was always a good deal of music in it, including an overture. That was partly the fashion of the time: somewhere between opera and drama. The music for *The Bells* was written by Etienne Singla who had produced the score for *Le Juif Polonais* and was brought to London to conduct the first Irving performance.

The piece has no great or even long speeches. It lasted no more than 90 minutes, the same as the new version at the Riverside. It is about a man who committed a murder for money, became rich and respected thereafter, and remained unsuspected. The psychological drama is about the guilt in his own mind. Exactly 15 years later, it catches up with him. There is no more to it than that. Irving must have made his mark more by his presence and gestures than by any of the lines he had to speak. It was said from the first night onwards that it was a one-part play.

The version at the Riverside, directed by Stephen Langridge, is certainly not that. It may even claim to be more opera than drama, though even that is debatable. There were times when I was reminded of Benjamin Britten's *The Turn of the Screw*, but the music is never quite assertive enough for long enough for the music to take over. Only towards the end does it become dominant. Apart from the singing, it is confined to clarinet, cello and piano. Appropriately, however, the tiny chamber orchestra sits in the pit.

Yet none of those comments should detract from the pleasure of seeing this production. *The Bells* in any form is a haunting work and the Riverside is a haunting theatre. The production has at least two alphas: the tight use of gauze behind which the stage action and the singing takes place and which makes the performance more ghostly; and the brilliant use of taped half-heard conversation during the wedding reception. Nothing is ever overdone.

Mathias, the villain-hero, is played and sung by Philip Langridge, the father of Stephen, the director. Philip is not Irving, but nor is he meant to be. This is a sub-Brittanesque gloss on an old favourite. Nevertheless, the magic still works.

**Malcolm Rutherford**

TELEVISION

# Roll out the 'bloomers' bandwagon

There is something endearingly old fashioned about *A Time To Dance*, Melvyn Bragg's adaptation of his own novel for BBC1. It feels closer to D.H. Lawrence than to – say – Fay Weldon or Martin Amis, or even Kingsley Amis, come to that. No doubt there are still working class teenagers who flower under the loving care of a devoted teacher. Similarly, bank managers in advanced middle age probably do still find spiritual renewal by lifting up their eyes unto the hills. And it is not unlikely that passionate love does still leap, flame like, across the gaps of age and class which separate such people. Yet writing about all this seems to be out of fashion. By and large Episode 1 made it seem feasible enough, only two scenes stretching the suspension of disbelief to the limit. However enflamed his loins, it seems unlikely that the bank manager would literally chase the teenage girl through a small country town where, presumably, both would be widely recognised. And, however keen to expunge the image of the rapist lodger, it also seems unlikely that the girl would select quite such a chilly day to strip off in the middle of Lakeland and then choose to lie head down on a considerable slope to make love. Despite that the casting – with Ronald Pickup as the bank manager and Dirvla Kirwan as the teenager – is clever enough to sustain the credibility of the relationship, and one was left rather keen to know what happens next, which is more than can be said for an awful lot of television drama serials.

★

The best so far of this year's drama serials written expressly for television are BBC1's *Love Hurts* by Marks and Gran, who wrote *Shine On Harvey Moon*; and Tony Marchant's *Goodbye Cruel World* on BBC2. In the first Zoe Wanamaker plays a businesswoman who takes her talents into the charity business and is pursued by a cockney millionaire played by Adam Faith (more good casting) and in the second Sue Johnston plays a woman suffering from a disease like multiple sclerosis who, with her husband, launches the first charity for sufferers. Experience suggests there will be yet more drama about charities before the year is out. The worst production in this category so far is BBC1's *Moon And Son*, an unconvincing thriller made worse by a lot of "new age" mumbo jumbo about dowsing and astrology.

★

What a surprise to find that Gerry Sadowitz, who had been given such a big build up as the new daring comedian – "He's abusive. You'll hate him" said BBC2 in its billing for the first show in his series *The Pall Bearer's Revue* – is, first and foremost, a conjuror. Of course the same was true of Tommy Cooper, and, like Cooper, Sadowitz is well on the way to exploiting his magic solely as a prop for his comedy. Nevertheless, his opening programme scarcely justified the BBC's description of "outrageous". On the other hand that word would have been fully deserved by Bill Hicks who, on Channel 4 in the first week of the new year, presented a 60-minute show called *Relentless* which was more explicit than any comedy I have ever seen on television. A sequence about auto-fellatio (the next step in man's evolution, said Hicks, will include the loss of one spinal vertebra – "Come on guys, work it out, you all know what I'm talking about") was capped by a gag about his parents commenting on his act: "You're not *still* doing that 'suck your own cock' sketch?" Some of Hicks' material would make Lenny Bruce's live act look like the height of circumspection, though much of it is also very funny.

★

At 7.30 on the evening of Sunday December 29, 15 minutes into *Auntie's Bloomers*, a BBC1 copy of ITV's *It'll Be All Right On The Night*, I switched on the VCR and walked round the block to get a breath of air and post some letters. I returned saying that the programme must be getting an awfully big rating because, in the odd quiet of the London streets, clear of traffic during that dead period with which the British now mark the winter solstice, great bellows of laughter could be heard rolling out of virtually every house. It turned out that ITV was simultaneously screening a collection of accidents captured on home-video, called *You've Been Framed*, and since that achieved a rating of 12.06m it was doubtless responsible for some of the laughter. But, sure enough *Auntie's Bloomers* topped the Christmas ratings with 18.24m – so 30m people were watching television at 7.30 that evening. Just why collections of off-cuts, showing the mistakes and disasters which inevitably overtake actors and broadcasters during the making of programmes, should be quite so popular is a mystery. But that they are popular has been well established by "It'll Be All Right".

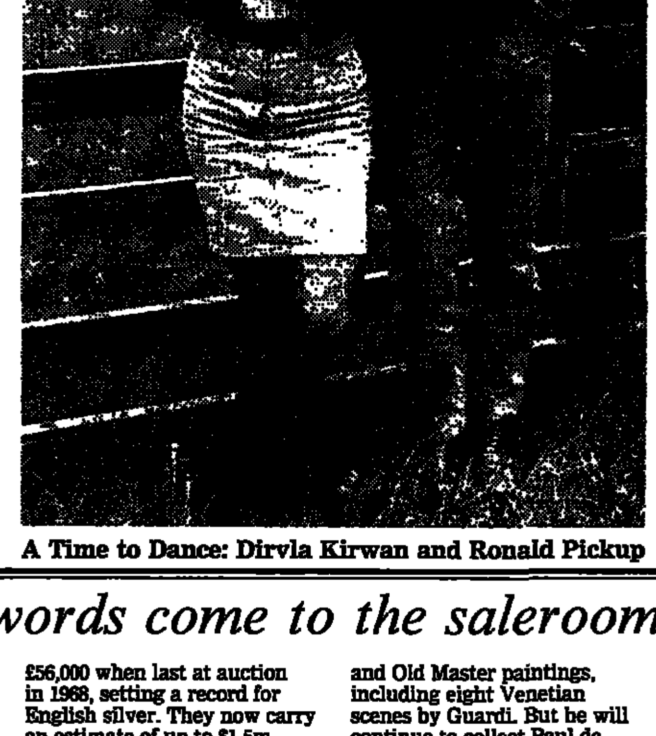
So it was a little surprising to find Terry Wogan, presenter of *Auntie's Bloomers* quoted in one newspaper as saying of the record ratings "This demonstrates that rumours of my demise are a little previous" for all the world as though it was the linking sentences that he read off the autocue which attracted the viewers, rather than the sight of Guy Michelmore spilling coffee on his desk seconds before he was due to read the news, or the baby elephant spilling everything on the *Blue Peter* studio floor. My guess is that programmes of this sort would get the same ratings whether the "bloomers" were linked by Wogan, Denis Norden, or the car park attendant. Indeed, the worst aspect of such programmes is the desperate and of course unsuccessful straining of the presenters to be as funny as the clips.

★

Having jumped so successfully onto the "bloomers" bandwagon, BBC1 followed up on Friday with the first in their own regular collection of accidents captured on home video: *Caught In The Act*. The presenter, Shane Richie, claimed "Yer all runnin' round the country whippin' out yer handhelds for me". A clip showing a toddler poking himself in the eye with a plastic aeroplane was voted by the studio audience to be marginally less amusing than the sight of a black labrador mounting a small white goat. The man who shot the dog/goat video consequently won the holiday in Florida. If in the 1990s even the BBC is going down this road, perhaps this is the decade when television criticism really will cease to be a job for adults.

★

It is hard to imagine a current affairs series specialising in, say, politics or crime which did not have on it an expert in politics or crime, yet the BBC's only serious series devoted to the subject of television itself appears to have no expert on broadcasting. *Biteback*, screened at the dead hour of 4.25 on Sunday, devoted considerable time this week to an argument springing from the widespread belief not only that advertising is prohibited on the BBC but that you are not even allowed to mention brand names on BBC programmes. At no stage did anybody point out that what Clause 12 of the BBC licence actually says is that the Corporation shall not "receive money or any valuable consideration" for anything it may broadcast. This, the only clause dealing with advertising, would appear to legitimise all those house-ads for *Radio Times* and the like, and obviously does not prevent anybody from mentioning Big Macs, let alone Hoover or Biro.



A Time to Dance: Dirvla Kirwan and Ronald Pickup

**Christopher Dunkley**

# Music at the Barbican

It must presumably be a coincidence that the Docklands Sinfonietta has looked to opera for its conductors to start the year. The week before last it turned to the Royal Opera's Edward Downes and at the Barbican on Monday to Sian Edwards, the newly-appointed Music Director in waiting at English National Opera – this orchestra has its eye on the future, too.

To judge from this pair of concerts the Docklands Sinfonietta has a gritty determination to get to the top. At the first the technical strength of the strings had been well tested and on Monday we were introduced to no less impressive wind and brass sections. They make a hard-working young orchestra, forging their style through the sheer vitality and tenacity of their playing, as perhaps befits a group born into the difficult world of London Docklands in the 1990s.

There was not actually any operatic music on the programme. For a chamber group of its size the Docklands Sinfonietta is ambitious to choose romantic scores by Ravel and Dvořák, especially in the Barbican Hall, where the small band of strings was compelled to spend much of the evening on overdrive. I felt that Ravel's *Ma Mère l'Oye*, its new-found simplicity of textures recalling the original piano pieces, came across better than the Dvořák, a bracing and rather hard-edged account of the Sixth Symphony.

Nevertheless, the actual playing in both had some exciting moments. And in between came one wholly exciting performance, of Britten's Violin Concerto with Tasmin Little as the soloist. This was a meeting of minds, for neither Miss Little nor Sian Edwards is a musician who likes to deal in uncertainties, and the concerto came across with bold conviction.

Completed in 1939, the work caught Britten at the apex of his dazzling early powers. Its writing, both for the violin and the orchestra, is unashamedly brilliant and yet it is not often that one senses the performers allowing themselves to revel in its virtuosity. Perhaps Tasmin Little makes less of the bitter-sweet lyricism than one would like; but as soon as speed and definition are called for, she drove the music on with real purpose and some fairly scintillating playing.

The last pages of the score were not the questioning look back with a tear in the eye that they usually feel, but a defiant facing of impending wartime suffering head on, the violin part straining in its intensity, the orchestra brutally cold. In its own way it was the most convincing live performance of the concerto that I have heard.

**Richard Fairman**

Just a month ago, Rafael Frühbeck de Burgos led the London Symphony in a triumphant account of Strauss's *Symphonia Domestica*. At the Barbican on Sunday Beethoven's "Choral" Symphony was at least triumphal; also intelligent, and utterly controlled, but more interesting than deeply stirring, for all the noise it made. The London Symphony Chorus in full cry were admirable. Frühbeck de Burgos preferred quadruple woodwinds for this symphony (no extra horns, though), and used them unstintingly: one interesting effect was that for much of the time they seemed to carry most of the main argument, with the strings almost in supporting roles.

There were no "visionary" effects, and very little aural theatre – unless one counted the low strings' beautiful *sotto voce* in the first appearance of the "Freude" tune. The chorus, too, sustained a fine, unwavering pianissimo for the difficult "Sternenzelt" music. The overriding impression nonetheless, mostly loud, was of a knotty, densely argued piece of severe cut (like the "Hammerklavier" Sonata of the same time), vigorously expounded by someone who knows the score very well indeed. One admired; one wasn't moved, not even by the Adagio, excellently modelled and motivated though it was.

For the solo team, the baritone Erich Knodt led off in stentorian style, passionate rather than sage. Though Lubica Rybarska's bright-edged, slightly shrill soprano was not well matched with Alfreda Hodgson's big, penetrating tones, the whole quartet – with Ben Heppner's elegant tenor – carried its weight and more.

Before his Strauss last month, the conductor had planted a rivetting performance of neglected Sibelius, *Night-ride and Sunrise*. This time he chose the *Schicksalslied* of Brahms (after Hölderlin): usually hard to programme, since it is shortish but requires substantial choral weight, but best-vintage Brahms, with its luminous Elysian idyll at the start and later its from-the-heart representation of the troubled modern conscience. The faithful art with which Burgos captured the tone and the piercing anxiety, no less than the distinguished work of the chorus, went a long way toward claiming a permanent place in the repertoire for the *Schicksalslied*.

**David Murray**

# Silver and swords come to the salerooms' rescue

Jaime Ortiz-Patiño, grandson of the Bolivian tin king, Simon, is moving from Geneva to London to act as European adviser to the Bolivian Government. His new home is smaller so Mr Ortiz-Patiño is having a clear out from his art collection. The resulting auction at Sotheby's New York on May 21 and 22 should bring in over $25m, providing just the kind of tonic the art market needs.

Some of the objects on offer are quite exceptional, most notably a collection of English "chinoiserie"-style silver, all the rage in the 1680s. It includes the Brownlow Tankards which sold for £56,000 when last at auction in 1968, setting a record for English silver. They now carry an estimate of up to $1.5m, which is around $500,000 below the current record, but competitive bidding could push them near a new high.

Among the French silver there is a group from the 3,000 piece service that Catherine the Great ordered from the Parisian silversmith Jacques-Nicholas Roettiers in 1770 as a present for her lover, Count Gregory Orloff. One item, a soup tureen, cover and stand, carries a top estimate of $1.8m.

Mr Ortiz-Patiño is also selling off French furniture and Old Master paintings, including eight Venetian scenes by Guardi. But he will continue to collect Paul de Lamerie silver, Dutch and Spanish Old Masters, and rare French manuscripts.

Sotheby's arch rival Christie's can just about match the Ortiz-Patiño sale. On March 31 in New York it starts the dispersal of the finest collection of Japanese swords to be assembled in the past fifty years. It was brought together by the late Walter A. Compton and should realise $20m..

There are over 1,000 lots in the collection, ranging from warriors' swords to art swords, carefully crafted blades which the samurai valued higher than land or gold and presented as offerings to Shinto shrines. A blade made by Kunitoki around 1300 and ranked by the Preservation of Japanese Art Swords as "Especially Important Sword," should make the top price of over $100,000.

These two auctions are just what the auction houses need – celebrated collections of important works of art appealing to connoisseurs rather than investors – to restore confidence to their battered market.

**Antony Thorncroft**

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

## AMSTERDAM

**Concertgebouw** 20.15 Wihan Quartet plays string quartets by Mozart, Schubert and Dvorak. Tomorrow, Sat and Sun: Chailly conducts the Royal Concertgebouw Orchestra. Fri: Barbara Hendricks (6718 345)
**Muziektheater** 20.00 Louis Langrée conducts Offenbach's Les brigands, with a cast including Michel Senechal, Brigitte Balleys, Jules Bastin and Emile Belcourt. Runs till Jan 29, with next performances on Fri and Mon (6255 455/credit card bookings 6211 211)

## BRUSSELS

**Halles de Schaerbeek** 20.00 Rosas Danst Rosas: Anne Teresa de Keersmaeker's 1983 choreography with music by Thierry de Mey and Peter Vermeersch. Repeated tomorrow, Fri and Sat (219 6341)

## CHICAGO

**Civic Opera House** 19.30 Bruno Bartoletti conducts William Farlow's Lyric Opera production of Turandot, with Eva Marton in the title role. Runs till Feb 2, with next performance on Sat. Fri: Madama Butterfly (332 2244). Tomorrow, Fri and Sat in Orchestra Hall: Barenboim conducts Mozart (435 6666)

## COLOGNE

**OPERA**
This week's repertory at the Opernhaus includes Michael Hampe's new production of Die Entführung aus dem Serail (tonight and Fri), conducted by Lothar Zagrosek. The cast is led by Luba Orgonasova, Darla Brooks, Kurt Rydl and Robert Gambill. Sat: Zagrosek conducts Janacek's From the House of the Dead. Sun: Siegfried Jerusalem sings the title role in Siegfried, with Gudrun Volkert as Brunnhilde (221 8400)
**CONCERTS**
Tomorrow's concert by the Bamberg Symphony Orchestra is conducted by Mstislav Rostropovich and features Shostakovich's Tenth Symphony and Schumann's Cello Concerto, with Wendy Warner. Sat and Sun: Gary Bertini and Mauricio Kagel conduct a series of events celebrating Kagel's 60th birthday (2801)
**THEATRE**
The first night of Günter Krämer's new production of Strindberg's Totentanz (The Dance of Death, 1900) is on Sat. The repertory at the Kammerspiele includes Strindberg's Miss Julie tomorrow and Maxim Gorki's Vassa Shelesnova on Fri (221 8400)

## FRANKFURT

**Alte Oper** 20.00 Gennadi Rozhdestvensky conducts the Moscow State Symphony Orchestra in Schnittke's Concerto Grosso No 2 and Tchaikovsky's Suite No 3. Tomorrow and Fri: Inbal conducts Mahler's Tenth (1340 400)
**Opernhaus** 19.30 Hans Drewanz conducts a concert performance of Schoenberg's Moses und Aron. Tomorrow and Sun: Amanda Miller choreographies (236061)

## MILAN

**Teatro alla Scala** 20.00 Bruno Campanella conducts first night of Jerome Savary's production of Fra Diavolo, with decor and costumes by Jacques Schmidt. Runs till Feb 9, with next performances on Sat and Sun. The casts include Giuseppe Sabbatini, Luca Canonici, Luciana Serra, Bruce Ford and Luigi Roni. Tomorrow and Fri: John Cranko's production of Romeo and Juliet (7200 3744)

## NEW YORK

**THEATRE**
● A Little Hotel on the Side: Tony Randall, Lynn Redgrave, Rob Lowe, Maryann Plunkett and Paxton Whitehead make up the cast of this comedy by Georges Feydeau and Maurice Desvallieres, translated by John Mortimer and directed by Tom Moore. Now previewing, opens on Jan 26 (Belasco Theater, 111 West 44th St., 239 6200).
● Big Noise of '92 (Diversions from the New Depression): Neilan Tyree and John Waters, with Kit McClure and her All-Girl Orchestra, in an antidote to the dismal news of today, with songs by Noel Coward, Cole Porter, Gus Kahn, Johnny Mercer and others (Cherry Lane Theater, 38 Commerce St., 989 2020).
● Boesman and Lena: Keith David, Lynne Thigpen and Tsepo Mokone in Athol Fugard's play about three South Africans trapped in a struggle for freedom from indignity and servitude. A Manhattan Theater Club production directed by the playwright (City Center Stage 1, 131 West 55th St., 581 7907).
● Down the Flats: Tony Kavanagh's play, set in the slums of Dublin, tells the story of a youth who must decide between two worlds, his all-too-familiar surroundings or escape to exile abroad (Irish Arts Center Theater, 553 West 51st St., 757 3318).
● Ticketron answers inquiries and sells tickets (246 0102)

## PARIS

**MUSIC**
**Opéra Bastille** 20.30 Members of the Paris Opéra Orchestra, with Myung-Whun Chung piano, give a concert of chamber music by Brahms in the Amphitheatre. Tomorrow, Sat and Mon: final performances of Boris Godunov (4001 1616)
**Théâtre des Champs-Elysées** 20.30 All-Mozart concert with Jean-Pierre Rampal and the Franz Liszt Chamber Orchestra. Fri: Philippe Herreweghe conducts Stravinsky. Sat: cello recital by Natalia Gutman. Sun at 11.00: piano recital by Michel Dalberto (4720 3637)
**Salle Pleyel** 20.30 Gunther Herbig conducts the Orchestre de Paris in Glazunov's Violin Concerto (soloist Raphael Oleg) and Mahler's Fifth Symphony, repeated tomorrow (4563 0796)
**THEATRE**
● Elektra: Sophocles' tragedy in an English-language production by Deborah Warner, with a cast led by Fiona Shaw. Daily except Mon (Maison de la Culture, Bobigny, tel 4831 1145).
● La Veuve (The Widow): Corneille's comedy starring Patricia Dinev, in a popular production by Christian Rist. Daily except Mon (Athénée-Louis Jouvet, 4 square de l'Opera-Louis-Jouvet, 9e, tel 4742 6727).
● Comedies barbares: Jorge Lavelli's production, first seen at the 1991 Avignon Festival, linking three plays written at the turn of the century by the Spanish dramatist Valle Inclan. Daily except Mon (Théâtre national de la Colline, 15 rue Malte-Brun, 20e, tel 4366 4360).
● La Valse des Toreadors (Waltz of the Toreadors, 1952): Anouilh's play directed by Regis Santon. Daily except Mon (Théâtre Silvia-Monfort, 106 rue Brancion, 15e, tel 4533 6670).
● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898

## STOCKHOLM

**Konserthuset** 19.30 Paavo Berglund conducts the Stockholm Philharmonic Orchestra in B.A.Zimmermann's Impromptu, Schumann's Piano Concerto with Maria Tipo and Sibelius' Fifth Symphony, repeated tomorrow (244130). Fri in Berwaldhallen: Johannes Fritzsch conducts the Swedish Radio Symphony Orchestra in symphonies by Mozart and Martinu, plus Mussorgsky's Songs and Dances of Death with bass soloist Rene Pape (784 1800)
**House of Dance** 19.00 Cullberg Ballet in a new production of three works by Jiri Kylian. Repeated tomorrow, Fri and Sun.
Later this month (Jan 26, 28, 30), the Cullberg Ballet takes Mats Ek's production of Swan Lake on tour to the Hong Kong Grand Theatre (753 99100)

## VIENNA

**Kammeroper** 19.30 First night of the Vienna Chamber Opera's 1992 season: Johann Nestroy's parody of Wagner's Tannhäuser in a new production staged by Karl Schuster, designed by Maxi Tschunko and conducted by Ernst Barthel. Runs till Feb 26, with next performance on Sat (513 6072)

## ZURICH

**Opernhaus** 19.30 Eliahu Inbal conducts Tony Palmer's production of La forza del destino, with Gabriele Lechner as Leonora, Boiko Zvetanov as Alvaro, Giorgio Zancanaro as Carlo and Simon Estes as Padre Guardino, also Sat. Tomorrow: Die Fledermaus. Fri: Die Zauberflöte. Sun: new ballets by Bertrand d'At and Bernd Roger Bienert. Mon: Sandor Vegh conducts the Vienna Chamber Orchestra (262 0909)
**Tonhalle** 19.30 Vladimir Fedosseyev conducts the Tonhalle Orchestra in J.C.Bach's Sinfonia in B major, Beethoven's Third Piano Concerto with Stefan Vadlar and Brahms' First Symphony. Repeated tomorrow and Fri (201 1580)
**Schauspielhaus** 20.00 Party Time and two other short plays by Harold Pinter, repeated tomorrow. Fri: new production of Thomas Bernhard's play Uber allen Gipfeln ist Ruh (251 1111)

### European Cable and Satellite Business TV

(all times CET)

**MONDAY TO FRIDAY**
*CNN*
0730-0800 Moneyline
1230-1300 Business Morning
1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline
*Super Channel*
0600-0620 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly - tglobal business report with James Bellini
2130-2200 (Thurs) Talking Heads - International Issues
*Sky News*
1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

**SATURDAY**
*CNN*
0730-0800 Moneyline
0900-0930 World Business This Week - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week

**SUNDAY**
*Super Channel*
1800-1830 FT Business Weekly
*Sky News*
1330, 1630, 2030, 0030, 0230 FT Business Weekly
*CNN*
1800-1830 World Business This Week

# FINANCIAL TIMES

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Wednesday January 15 1992


# Who runs against Bush

IT MAKES little difference these days whether President George Bush speaks in Tokyo or Kansas City, or whether his targets are Japanese industrialists or European farmers, because the message is increasingly the same. He is running for re-election and he has calculated that he will win with the great four letter word – jobs. If stealing the clothes of the Democratic party is a crime, which it is not, the president rivals Fagin.

Given that his popularity continues to fall, if not yet catastrophically, and that his trip to the Far East was ill conceived and received, this is hardly surprising. He sets off today on the campaign proper to New Hampshire, an iconoclastic state featuring an iconoclastic Republican challenger, Mr Pat Buchanan, with some reason to be nervous. But Mr Buchanan is not going to be the Republican presidential nominee, nor is the odious right-winger David Duke, under whatever political guise he finally runs. Assuming his health holds up, a reasonable post-Tokyo caveat, the president will be the man to beat. The question is who, and armed with what policies, will the Democrats run against him.

Although very early days, the increasing presumption is that this could be Governor Bill Clinton of Arkansas. He seems to be the principal beneficiary of the non-running of Governor Cuomo of New York and the withdrawal of Governor Wilder of Virginia; he is better organised, financed and prepared than anyone else; he is a border southerner, which helps where the Democrats have become weak, and a Rhodes scholar, which gives him legitimate intellectual and foreign pretensions, if not actual experience. He is not an outright protectionist, he knows a bit about education, he is apparently pragmatic and he speaks well.

## Stronger armour

There seem, in sum, fewer holes in his armour than in that of his main rivals. Senator Bob Kerrey of Nebraska has charisma, but has shown less substance; Tom Harkin from Iowa, the home state favourite in the first caucuses next month, has the substance, but it is of the prairie liberal variety so roundly rejected under the Mondale banner in 1984; Paul Tsongas could create problems in his own New England in early primaries but is too much of a muchness with the hapless Michael Dukakis to travel well. A protracted campaign for the nomination cannot be ruled out, nor therefore the emergence of a powerful late entrant. But if not Mr Clinton, the current probability is that the Democrats will field someone like him; bland perhaps, untested certainly, but not instantly divisive.

## Domestic issues

The Democrats start with the advantage that the domestic issues consuming Americans are, with the important exception of tax levels, their issues, which is why Mr Bush is trying to steal their protectionist clothes. The Democrats' weakness, to the extent that the public is exercised, is in foreign policy, though here again this once overwhelming Bush strength now looks more fragile than it did last summer. Saddam Hussein still rules Iraq, Mikhail Gorbachev is gone, the new world order is unmade and the purpose of overwhelming military might, as the administration itself has conceded, is now less than imperative. Mr Clinton has been sharp enough to devise one good counter slogan, neatly embracing all foreign policy concerns without providing a solution for any of them, that "national security is largely economic".

The battle ground, however, is not only for ideas, but also for people. The US is a vast and not necessarily homogenous country. Its regions respond to different political stimuli and so do its whites, blacks, Hispanics and Asians. The Democrats once understood this complex matrix better than the Republicans, but the last three presidential elections have been won by appealing to the mostly white and suburban middle classes. In the US, as in Britain, after a decade of prosperity this group is in a fractious mood and, increasingly, not voting. Whoever finds out what they want will be the next president of the United States.

# Parliament as watchdog

IF THE SOLE aim of Mr Frank Field and the parliamentary select committee on social security which he chairs is to court publicity, they have certainly achieved it this week. There are two reasons, however, why Mr Field and his committee were mistaken in summoning the Maxwell brothers to answer questions on their role in the Mirror Group pension fund.

The first is that it was unlikely that the brothers would have anything to say and on Monday, flanked by lawyers, they duly kept silent. The second, and related, reason was that for the committee to misjudge its role in this way risks bringing the entire select committee system into disrepute. That is a pity.

It is not that the select committees lack powers. On the contrary, the biggest single weakness of the system since it was established in its present form in 1979 has been the failure of the committees to realise how potentially powerful they are. The committees are entitled to "send for papers, persons and records". They may sit at any time, regardless of whether Parliament is in session, in any place, and may report whenever they like.

Nor do the committees lack resources. They are empowered to appoint technical experts to assist them on any subject. Moreover, under the House of Commons (Administration) Act 1978, the funding for such activities is controlled not by the Treasury, but is voted directly by the House of Commons. The committees are thus an extension of the House proceedings, devoted to detailed and specialised work. They can report to the full House at any time.

## Star witnesses

There was a period, shortly after they were established, when some of the new departmentally-related committees seemed exceptionally useful. The select committee on the Treasury, for instance, attracted star witnesses and written submissions on monetary policy and the conduct of the economy. The City and other interested observers queued up to listen and to read. More recently, the select committee on the DTI has done some helpful ferreting on dubious foreign arms sales. By and large, however, the performance of the committees has not lived up to the promise of their creation.

## Valid reason

Perhaps that was what Mr Field was trying to rectify in his search for publicity. He of all people should have known better. Mr Field is the most independent of MPs, an expert on social security matters respected as such on all sides of the House. He is also more skilled than most in eliciting information, whether by Parliamentary Question or the use of the committee system. For him to call witnesses already under investigation elsewhere and who thus had a valid reason to avoid self-incrimination before the committee, lacked wisdom.

But the important underlying question is why the system has not been working as it should. One of the explanations is the power of the whips, the party managers who have some say in who goes on what committee. It is unlikely, for instance, that the Tory Party would allow too many members of the Bruges Group on to the select committee on foreign affairs.

Allied to that is the lure of government. An ambitious MP looking for office, whether shadow or real, may be reluctant to be associated with a committee which is critical of party policy. Not least, the government of the day can give the nod to officials as to how much information the committees should be given. The present tendency is very little; there is no reason to believe that the Labour Party, with its own hopes of office, much dissents.

The question comes back to individual MPs. The powers are there; why do they not use them? It is not primarily a question of producing long reports, often published after parliament has gone into recess; it should be more a relentless probe of how government is run, how decisions are made and how public money is being spent. As parliament's role as lawmaker diminishes, its no less honourable and important role as scrutineer needs to be enhanced.

**Tony Jackson** on the man who saved Fisons but fell foul of the City

# A flawed character

The saddest comment on Mr John Kerridge's career came yesterday from the stock market. When the news broke of his resignation as head of the drug company Fisons, the shares jumped 6 per cent.

Yet Mr Kerridge was, by common consent, one of the outstanding British managers of his generation: the man who, 11 years before, was credited with saving Fisons from extinction. Over the years, the City has made a fortune out of Mr Kerridge. Now it is glad to see the back of him. Where did it all go wrong?

The immediate cause is clear enough: the announcement in December that a regulatory foul-up in the US has cost the company about a quarter of last year's profits. In recent months, the share price has fallen by nearly a third. But the problem goes deeper than that.

Mr Kerridge is described by those who have worked with him as a highly complex personality: a brilliant strategic thinker, but obsessive over detail; self-confident and at times apparently arrogant, but abnormally thin-skinned. This sensitivity to criticism has undoubtedly played its part in souring relations with the investment community and the press.

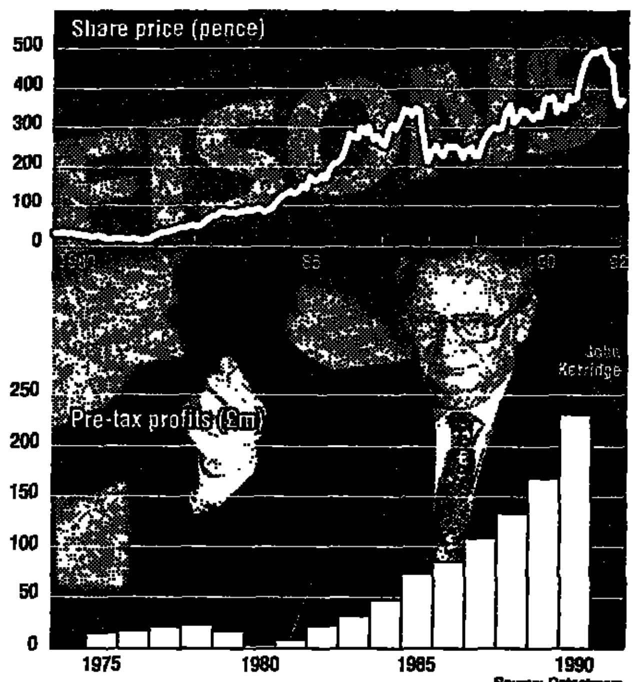
Going by his record, Mr Kerridge had little to be sensitive about. When he was appointed chief executive of Fisons at the end of 1980, the company had just gone through the most disastrous year in its history. Chiefly because of the fertiliser business which had formed the bulk of its operations since the mid-19th century, it had plunged to a net loss of £17m and was about to slash its dividend.

The top management was in turmoil. The chairman, Sir George Burton, was about to retire after 47 years with the company. The previous managing director, Mr Ron Bounds, had just departed with a massive payoff. The new chairman, Sir Ronald McIntosh, declined to take up the post on discovering that the company was about to shut its Mayfair headquarters and move back to its historic base in Ipswich.

Before becoming chief executive Mr Kerridge had run Fisons' fertiliser business, which had its roots deep in the company culture. His crucial contribution was to realise that, for strategic reasons which he was later to expound with admirable clarity, the company had to get out of fertilisers once and for all.

The successful sale of the business to Norsk Hydro a year after his appointment was the turning point. Fisons went on to enjoy the growth and stock market rating of a successful drug company. Norsk went on to do bloody battle with the other giant of UK fertiliser production, ICI, which ended with losses all round and ICI shutting up shop last year.

The two businesses which Mr Kerridge concentrated on – pharmaceuticals and scientific instruments – were not there by accident. Sir George Burton, when he was made chief executive in 1966, had decided that Fisons must reduce its dependence on fertilisers – then 80 per cent of the business – and develop research-based businesses, chiefly pharmaceuticals. The stroke of luck which was eventually to save Fisons came shortly after, with the discovery of the asthma drug Intal.



Source: Datastream

But it was only in the 1980s that the potential of the drugs business was fully realised. Since 1982, when the company was stabilised by the sale of the fertilisers business, earnings per share have risen sixfold. And from a professional manager's viewpoint, perhaps the most telling statistic from the Kerridge years is the group's return on operating assets. In his first year in charge, in 1981, it was 9.3 per cent. It has risen every year thereafter, the latest figure being 37.3 per cent.

But there were other aspects of Fisons' managerial adroitness which the City found less compelling. It could never understand, for instance, how Fisons managed to make a profit on borrowing money: in 1990, it made £0.9m of net interest receivable on net debt of £116m. Nor could it work out how the group tax charge was kept so low. Mr Kerridge's response to this was invariable: that it was the result of hard work and good management. It was open to other companies to do the same, but he was not going to help them by showing them how.

**Mr Kerridge is described as a brilliant strategic thinker, self-confident and at times apparently arrogant, but abnormally thin-skinned**

When the news of the company's US fiasco broke last month, it also did not help the City's temper that it felt it had been here before. Mr Kerridge's appointment in January 1981 had coincided with the announcement that a supposed blockbusting drug, Proxicromil, was being scrapped at the last moment because of side effects. The City complained that the company had been reassuring right up to the moment of disaster. Again, in the mid-1980s, hopes had been raised too high over another new drug, Tilade, at least partly with the company's encouragement.

The tendency to fatal optimism may fairly be blamed on the Fisons culture rather than on Mr Kerridge alone. There is also no denying that despite its history of success, Fisons has always been accident-prone. In the 1960s, in a curious anticipation of its latest problems in the US, the company so botched the US launch of its first big drug Intal that by the mid-1970s its US sales were actually falling. But the latest upset, which turns on Fisons' failure to pass US quality standards in drug manufacture, may be Mr Kerridge's fault in another sense.

"One of his great strengths," a City analyst says, "was that he ran the business on purely commercial lines, whereas most pharmaceuticals companies don't. But if you look at Fisons' margins by comparison with the bigger drug companies, they may actually be too high. He may have pushed the company too hard, and not spent enough on manufacturing and infrastructure."

However that may be, the refusal to explain things is eminently in character. "He could never relax with the City and the media," a close observer of the company says. "He always felt that by explaining he might lay himself open to further criticism. And adverse criticism was something he couldn't bear."

This again raises the question of why so successful a man should be so thin-skinned. There may be a clue in Mr Kerridge's origins. Like Fisons itself, he comes from Ipswich, where his father is variously described as having been a garage owner or a car mechanic. Either way, when the young Kerridge won an Oxbridge scholarship he could not afford to take it up, and went into the army instead.

From there he made his way into marketing, and joined Fisons in 1969. On becoming chief executive 11 years later, he moved the headquarters back to Ipswich. As the base for an international drug business, Ipswich is not an obvious choice. It perhaps makes more sense as the setting for a local boy made good.

It seems clear that the company's expressions of regret at his departure yesterday can be taken at face value. "He could have ridden out the storm, and I believe he should have," says one of his colleagues. The new chairman, Unilever veteran Mr Patrick Egan, says "when John took over the company, it had a market value of £40m. He brought it up to £3bn. That's a marvellous record."

Mr Egan defends Mr Kerridge over the US fiasco. "We have been criticised for not sounding a cautionary note sooner. There was certainly a good deal of wishful thinking in our pharmaceutical department. But I didn't feel as a non-executive director that I'd been misled. We were collectively confident as a board that things could be sorted out."

All the same, it sounds as if the Fisons tradition of secrecy and sensitivity is to change as well. "I have a more open style," Mr Egan says. "With the benefit of hindsight, we should have got closer to opinion-formers in the City." A City analyst agrees: "This could open the doors. Fisons could learn to love its shareholders and its shareholders to love it."

Conceivably, it could also open the door to takeover or merger. As a drug company, Fisons is still a minnow in a world of whales. Not surprisingly, Mr Kerridge was adamantly opposed to the idea of Fisons losing its identity in a merger. For a long while, this was an effective barrier. In the pharmaceutical industry, hostile bids are conventionally seen as too risky and expensive to be feasible.

If that were now to change, the situation would be deeply ironic. When Mr Kerridge took the company on, it was being widely touted as a bid candidate. Now that he is leaving, it is in the same position all over again.

# Sinking funds

**John Plender** takes the so-called pensions experts to task

The enormity of the scam perpetrated by the late Robert Maxwell on present and future pensioners of his ailing business empire still leaves even sophisticated observers aghast. Yet there is something equally shocking about the loud protestations from pensions experts that no pension fund can be fully protected from a determined crook bent on theft.

This is beside the point when the inadequacy of a regulatory structure based on the rickety protection of trust law has constituted an open invitation to crooks for 30 years or more. Employees and pensioners both in and out of the Maxwell empire deserve a better answer to the question of why it was allowed to happen.

The warning signals have been there for years – not least in the newspaper industry. After the News Chronicle went bust in 1960, employees and pensioners discovered that their retirement incomes were funded out of revenue without the backing of a fund. When a shareholder challenged an attempt to compensate people at the defunct paper for the loss of pension rights, the High Court ruled against compensation.

Since then there have been countless cases where directors of relatively small companies have looted pension funds when their company ran into trouble. Pensions experts said the abuse was confined to a small minority of funds. Some consolation for those whose retirement was wrecked.

Then there was the plight of hundreds of thousands who lost their jobs in the recession of the early 1980s. The rules of most pension schemes ensure that so-called early leavers end up subsidising the benefits of those who are lucky enough to keep their jobs. The huge resulting transfer of real wealth from the less fortunate to the more fortunate went largely unremarked. Yet this abuse of trust was arguably a far worse scandal than anything done by Mr Maxwell.

But the biggest scandal of all is that this £400bn industry has been hijacked for purposes quite different from those for which occupational pension schemes were originally set up. A pension fund exists to deliver the best possible retirement benefits to employees or it is nothing. Yet the trustees of pension schemes across the land have allowed pension funds to be turned into profit centres for the company.

Money that should have been devoted to improving pension benefits – not least for existing and deferred pensioners who have been appallingly short-changed – has been used to bolster profits through pension holidays and now withdrawals. This may differ from the Maxwell case in that there is not necessarily any suggestion of illegality and such practice has been encouraged by government and by Inland Revenue rules on the uses of pension fund surpluses. But is it moral?

The scandal extends far beyond Maxwell. And clearly politicians and their officials are substantially to blame. Having failed to deliver a decent state pension scheme, successive governments failed to deliver adequate regulatory arrangements for private occupational pensions. Industrialists, in their role as trustees, have also behaved less than admirably, since they have increasingly lost sight of the real purpose of the trust (and in some cases made disproportionate claims on their own pension funds for inflated retirement incomes).

But in the final analysis perhaps it is the ever-vociferous pensions lobby that deserves most scorn. I recall, as long ago as 1978, writing an investigation for The Economist on incestuous financial relations between companies and their pension funds – in other words, incipient Maxwellitis. The response of the then chairman of the National Association of Pension Funds was that "the last thing we want is more legislation and control".

As irony would have it, the gentleman in question was also director of pensions at Reed International, then the owner of – you've guessed it – Mirror Group Newspapers. No doubt the "we" in question referred not to the pensioners but to the pensions industry – that gaggle of actuaries, lawyers, bankers and consultants who have profited so mightily over a long period from one of Britain's richest gravy trains.

Their response to calls for tighter regulation, better treatment of deferred pensioners or better treatment of virtually anyone else, has invariably been to appeal to the lowest common denominator of 19th century corporate behaviour by claiming that the slightest increase in costs would cause employers to reduce benefits or close down the funds. They even managed to argue that the introduction of compensation funds to protect victims of abuse would be too expensive, while simultaneously claiming that abuse was minimal.

When the government finally and belatedly frames a new pension act in response to Maxwell, it should treat this dismal, self-serving lobby with the disrespect that its past performance deserves. It should aim for a thorough ring-fence around the fund to ensure the greatest possible independence from management; better treatment for pension rights in a winding-up; a decent compensation scheme; and an end to the ambiguity over the ownership of pension funds.

Pension rights that can be so easily removed from employees are not worthy of the name. They are a fraud, like the late Mr Maxwell.

# OBSERVER

## Female takeover

■ By all accounts Frances Heaton, new director general of the takeover panel, is a jolly good egg. But given the rarity of women in the top echelons of City merchant banks the appointment is pretty remarkable, Opportunity 2000 notwithstanding. She was the first woman to become a Lazard director in 1986, and her departure means that only one member of the 40-strong board will now be female.

She is one of a growing number of women who made their initial mark in the Treasury before moving out – Rosalind Gilmore of the Building Societies Commission, is another. However, Heaton seems to have found the bureaucracy of the civil service stultifying and after a two-year secondment to S.G. Warburg, she decided to start a second career as a merchant banker.

It is always hard for non-professionals to judge whether the director general of the takeover panel is doing a good job. But the 47-year-old recruit starts with right sort of qualifications, and her sense of humour as well as inside knowledge of Whitehall should stand her in good stead particularly if there is a change of government.

Her appointment means that three of the City's key regulators – the Serious Fraud office and the Building Societies Commission are the others – are now headed by women. The real breakthrough will come when a woman is put in charge of running a big City institution, as opposed to regulating it.

## Take in copy

■ When it comes to economics Brazil has never been short of original thinkers, and Fernando Collor is no exception. On his first day as president he froze 80 per cent of the population's bank accounts.

Hence, no surprise last week when he began publishing a series of articles entitled "agenda for consensus", aimed at provoking debate on his ideas for modernising Brazil.

Debate there has been - but not quite along the lines Collor had hoped. For by his fifth article, the Folha de Sao Paulo newspaper had discovered that with the exception of a few paragraphs the text was copied from the manifesto of the Social Liberalism party of which Collor is not a member. Moreover, this manifesto, coincidentally also titled "agenda for consensus", had been lifted from essays by a diplomat who died last year.

Red faces all round. The initial explanation was that the late diplomat had in fact been inspired by the president. But then the president's aides thought better of this and issued a statement saying that their master's ideas were not intended to be original.

## Final hurdle

■ John Fairley's promotion to managing director of programmes at Yorkshire TV means that the race for the most powerful job in the new ITV power structure – the network's central programme scheduler – is again open.

Fairley had the backing of Greg Dyke, chairman of the ITV Association, for a job which involves putting an annual programme budget of £425m to work and refereeing any disputes between the big ITV companies and the independent producers. However, Fairley seems more interested in chasing foxes than chancing his luck on a bed of nails, so the field has opened up again.

Charles Denton of Zenith, the independent programme production company, Andy Allen, director of programmes at Central and his counterpart at Granada, Steve Morrison, are all in the running. But getting everyone to agree is going to be hard and at the end of the day the Independent Television Commission may have to impose its choice.

So coming up on the rails is the perfect compromise candidate in Paul Bonner who, as director of the programming planning secretariat at ITV, is already doing the equivalent job. Bonner has the programme-making credentials – he was head of science and features at the BBC and director of programmes at Channel 4 before immersing himself in the ITV bureaucracy.

He also has a secret advantage. He's less than three years off retirement. So if he doesn't suit...

"He said his first words: 'I will only answer through my counsel'"

## Capacious

■ It may soon take a head for more than numbers to work at Britain's Central Statistical Office. Australian Bill McLennan, its new director, is known not only for his professional skill but for his fluid approach to management.

As deputy head of the Australian Bureau of Statistics, he has become renowned for his use of socialising to promote morale. It is said he can outdrink most of his colleagues.

The bureau's house magazine lately reported that McLennan joined the members of a management course for drinks which went on into the small hours. But next day, McLennan still left the hotel "clear of head and conscience" at 6.30 in the morning, and put in a nine-hour day before catching the 9pm flight to Tokyo.

## Useful friend

■ Lord Rothschild's six year reign as chairman of the National Gallery Trustees may have ended, but his most permanent contribution to the place has yet to emerge. As a farewell present he is paying for the renovation of the cavernous Central Hall – and restoring it to its 1887 glory.

The Hall will act as a meeting place where the gallery's visitors – up by over 500,000 last year to a record 4.3m – can get their bearings. His farewell gift will cost Lord Rothschild £1m. But this is not the end of his usefulness to the National Gallery. In the spring he takes over as chairman of the National Heritage Fund, which receives £12m a year from the government to help keep in the UK masterpieces threatened with export. Why should not some of them find a permanent home in the National Gallery?

## Squeaky clean

■ Rushing home to join in bathing the new baby, the young husband was alarmed to see his wife holding their firstborn by the ears and dipping it in the suds. "That's not how you bath a baby," he gasped.

"It is when the water's this hot," she replied.

# LETTERS

## Paying proper price for risk

*From Mr Peter Wood.*

Sir, I would make the following observations on the letter from Mr Kevin Pratt, editor of "Insurance Age" (January 7) commenting on an earlier article by Richard Lapper.

Mr Pratt's attack on the Direct writers spells out exactly why the public have voted with their feet. He is correct that Direct Line selects the risks it writes very carefully: I entirely disagree that the insurance industry as a whole should perpetuate its own inefficiencies by continuing to insist that the good drivers should subsidise the bad ones. Bad risks will always get cover but, just as the good drivers do with us, they will have to pay the proper price for the risk they represent.

Surely, we all want to encourage people to drive as carefully and safely as possible. Direct Line does not make it easy for young drivers to drive cars they are too immature or inexperienced to handle. Our policyholders know that they pay the rate for their own risk.

The comparison made between my remuneration and insurance commissions paid to brokers out of premiums received is mischievous and misconceived. We have made reasonably priced motor and home insurance available to people who, previously, had no alternative but to pay the extra cost of commissions and other expenses of the intervening broker on top of what their insurance should really have cost.

Already, in only our seventh year of trading, we are in the top 10 UK private motor insurers. Our mission remains to continue to offer the best quality service at a very reasonable price.

Peter Wood,
*chief executive,*
*Direct Line Insurance,*
*Direct Line House,*
*3 Edridge Road,*
*Croydon,*
*Surrey.*

**Fax service**
LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

## Does UK industry speak the right language?

*From Mr James Calvert.*

Sir, Do the leaders of British industry and commerce really want to climb out of the recession?

As part of my Politics and East Asian Studies course at Newcastle University I spent a year at Fukuoka University, Japan, acquiring fluency in Japanese. Equally valuably, I gained an understanding of Japanese society and culture.

I am now in my final year and I accept that I have much still to learn. I do not dismiss the many graduate opportunities available, but the typical graduate recruitment programme does not recognise the particular merits of employing those who speak Japanese.

Japan is a major economic power, with substantial investments in the UK, and it offers a vast potential market for UK business. However, something like three quarters of British companies trading with Japan employ no Japanese speakers. With one notable public sector exception, I have received no indication that Japanese is of immediate interest to prospective employers.

Japanese speakers, like other modern language graduates, can make an immediate contribution to the company they join. The problem with languages is "use it or lose it"; but do any captains of industry care?

James Calvert,
*5 Bramley Close,*
*South Croydon, Surrey*

## Contract for electricity supply

*From Mr Andrew Powell.*

Sir, Prof Newbery is correct to call for increased competition in electricity generation (Personal View, January 10) but the analysis of the industry presented is incorrect in one important respect. It is argued that "future contract prices are likely to approximate the expected pool price". This may be the case in competitive markets or where arbitrage is a possibility but not in the electricity industry where two generators have significant market power and where contracts tend to be specific and not widely traded. The generators may wish to limit the supply of such contracts (or make them expensive) and attempt to restrict the liquidity of the contract market. Indeed, it could be argued that the premium of the contract price over the spot (pool) price is precisely a measure of the lack of competition.

At present this is bad news to many electricity consumers and in particular to the regional electricity companies which buy large amounts of electricity at the volatile pool price and sell at a price fixed by regulation. However, the contract market may also hold the key to increasing the competitiveness of the industry. What is required is a standardised, transparent contract market which can be regulated attentively. If generators truly competed in a liquid contract market pool problems would be reduced significantly. It is a high contract price, representing the long-term price of electricity, which would attract entrants to the industry.

Andrew Powell,
*lecturer in economics,*
*Queen Mary*
*and Westfield College,*
*University of London*

## Cost of a smile

*From R A Hudson.*

Sir, The article by Christopher Lorenz ("When service with a smile is missing by a mile", January 10) is worthy of a follow-up to explore this thought. Larger companies with respected reputations are generally able to secure payment before they supply their service or product.

Smaller companies must supply first, only to find no matter how efficiently or agreeably they so do the opposite applies and payment is delayed.

R A Hudson,
*financial director,*
*Haunt Electronics,*
*Firswood Road,*
*Garretts Green, Birmingham*

## The causes of an increased tax burden

*From Mr John Wells.*

Sir, For Labour's success in drawing attention to the increased tax burden under the Tories to be condemned by your leader ("Campaigning in earnest", January 11) as "remarkably dishonest electioneering", it must have touched a raw nerve, indeed!

The truth may hurt especially when it collides with conventional wisdom and the outpourings of the government propaganda machine, but that is no reason for it to be withheld from public debate.

The causes of the increased tax burden lie in a combination of increased VAT, national insurance contributions and rates/poll tax, even as marginal rates of income tax have come down; at the same time rising personal incomes and the resultant fiscal drag have pushed the average tax burden up, since marginal income tax rates, though diminished, still exceed the average. But this simply confirms Labour's contention that economic growth, given our still elastic tax system, inevitably yields a useful fiscal dividend.

Labour's research, based on official answers to parliamentary questions, also shows that the rising tax burden hit those on average earnings and below, while only those on well above average earnings enjoyed a reduction. Hence, the case in social justice for Labour's proposed national insurance and tax changes affecting top earners – and the linked increases in pensions and child benefit.

Incidentally, what is true of household taxation under the Tories also holds for the corporate sector. While the statutory rate of corporation tax has fallen from 52 per cent to 33 per cent, the phasing out of initial capital allowances and other factors have resulted in a near doubling in the effective rate of tax on non-North Sea industrial and commercial companies: from 16.6 per cent in 1978 to 28.6 per cent in 1990.

John Wells,
*Faculty of Economics and Politics,*
*University of Cambridge*

## Nothing bilious about Seville

*From Dr Ewan Ferlie.*

Reading Peter Bruce's bilious piece ("Revels for a state without a creed", January 3) on Spain's plans for its 1992 festivities while on a return flight from Seville, I found his comments on Seville and Andalucia difficult to understand. Unlike northern Spain, it indeed has little "smokestack" industry, but this may be a strength. Instead, there has been expansion of high-margin agriculture in the countryside, and the service sector in the southern cities.

The Expo 92 site in Seville will be re-used as a research and development park. Far from being a "lethargic, sun-drenched tourist venue" of the 1950s cliché, Seville is a bustling and self-confident centre of economic activity.

The problem, if anything, is one of excessive and unsustainable growth (a nice problem to have!). In the long run, with its combination of high-margin agriculture, wine, tourism and research and development, Andalucia could indeed emerge as the California of 21st century Europe.

Ewan Ferlie,
*School of Industrial and Business Studies,*
*University of Warwick,*
*Coventry*

## Different light on post-steel era

*From Prof R Hudson.*

Sir, Anthony Moreton and Stewart Dalby refer to Consett's post-steel experiences as offering hope to Lanarkshire following the closure of Ravenscraig ("Shattered towns that prove there can be a life after steel", January 9). You report that some 5,000 jobs more than were employed in steel have been created in Consett and the remainder of Derwentside District.

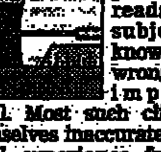
The facts, as revealed by the Department of Employment's Censuses of Employment, are these. In 1978 more than 12,700 people were employed in manufacturing in Derwentside District. Between 1978 and 1981, manufacturing employment in Derwentside fell by slightly more than 8,000, largely as a result of the run-down and closure of BSC's Consett steelworks. The net gain between 1981 and 1989 was 1,270 manufacturing jobs. Thus between 1978 and 1989 there was a net decline of over 6,700 – over 50 per cent – in manufacturing employment in Derwentside District. Such figures cast a very different light on the prospects for Lanarkshire in its impending post-steel era.

R Hudson,
*Department of Geography,*
*University of Durham*

*PERSONAL VIEW*

# If it's in the newspaper, it ought to be true

**By Howard Davies**



It is a saloon bar cliché that every newspaper article one reads on a subject one knows well is wrong in some important detail. Most such clichés are themselves inaccurate. Yet personal experience frequently confirms that newspapers are riddled with errors.

Experience also confirms that it is a waste of time trying to correct errors in newspapers after the event, as the damage has been done and retrospective apologies are treated with suspicion or ignored. It is odd that this should be so, and it reveals a curious case of collective cognitive dissonance. People who know that what is written about them is wrong are willing to believe what they read about others.

Most journalists are indifferent to these complaints. If the punters are put out, they reason, they must be on to something.

Journalists are also aware that they can afford to be indifferent to public complaints about their competence. Few, if any, newspapers systematically monitor the accuracy and relevance of the output of their journalistic staff. They argue, like most professional groups, that it is impossible to capture the value of their effort in any quantitative way.

Just as doctors wave their shrouds and teachers lock the door to their secret garden, so the Fourth Estate begins to talk loftily about the inestimable value of a probing free press, ready to take risks in pursuit of truth and justice.

Well, up to a point, Lord Copper. Investigative journalism is fine and dandy, but if the facts are wrong and the "analysis" baloney, it is not clear that the frontiers of human knowledge have been advanced very far.

So, along with most professions, journalism is under pressure to raise standards. But most of this pressure is focused on taste or intrusiveness – peripheral matters, for the quality press at least. About 90 per cent of their activity is devoted to reporting the news in, supposedly, an accurate and informative way. What is needed is a system to monitor its effectiveness.

Any such system needs to focus first on the individual, not the paper as a whole. Apart from leaders, most articles are written by an individual journalist with little amendment thereafter. This makes it a sensitive exercise. But journalists, with their passion for bylines, should not mind having their personal successes and shortcomings highlighted.

The starting point should be an assessment of crude output. This is not simply to ensure that the individual is working. It is clear from other professions, such as hospital doctors, that accuracy may be influenced by the volume of work. Newspapers could easily monitor column inches per working journalist on a weekly basis.

Thereafter, a first qualitative indicator might be the proportion of copy submitted that is published. A monthly league table would be useful, but this would not necessarily be a measure of quality: a journalist consistently producing sensational but erroneous material would score more highly than a conscientious analyser.

A crude measure of accuracy might be the number of letters and corrections received in relation to the individual's pieces. But this is unlikely to be enough since many people regard correcting errors in newspapers as a waste of time or counter-productive.

So the complaint count needs to be supplemented with robust data. Many public services do this by surveying their clients and asking for their views. Newspapers rarely do so, arguing that their indicator of client satisfaction is the number of newspapers sold. But even in the case of a quality newspaper, this may be a poor or even inversely correlated indicator of accuracy.

**The people who should be polled are the press officers of government departments and companies that supply the raw material**

The people who should be polled are the press officers of government departments, agencies and companies that supply the raw material on which the news is based. They are well placed to judge accuracy. Most would be fair-minded enough not to comment on opinion – which in any case should not be found in a news report.

There is another element of the performance of working journalists that is hard to monitor: newsworthiness. Here, clients are less useful, as they are unlikely to be enthusiastic about stories which appear in advance of the intended time.

Nonetheless, it should be possible to track the follow-up of journalists' stories over a period, to assess the extent to which they are breaking news or simply following the pack.

Here the National Health Service can offer a guide. Progressive doctors operate a system of peer review in which small groups of colleagues select a case at random and discuss the way in which one of their number handled it, including the medical outcome.

Journalism lends itself to this treatment. Journalists can easily identify the extent to which one of their colleagues has been ahead of the pack in a particular case. One might select, to take recent examples, the Citizen's Charter White Paper, or the Soviet coup, and check how many of the moves were correctly forecast by each political correspondent.

Taking these ideas together, one can see the outline of a robust performance monitoring system for journalists. In a perfect world, the results would be publicly available. League tables of political or economic correspondents would be compulsive reading. Assembling them would give the Press Complaints Commission something to do. And they might even sell more newspapers.

*The author is controller of the Audit Commission.*

## Robert Mauthner

# The arms bazaar fragments

### Nuclear weapons know-how is leaking to developing countries – and the west is worried

*FOREIGN AFFAIRS*

The idea that the break-up of the Soviet Union could be considered a threat to international security would have been laughed out of court not so many months ago. The collapse of the Soviet communist regime and the consequent abandonment of its menacing military posture could only enhance the prospects for world peace, it was generally believed.

It has not taken very long for these illusions to be shattered. Though the US and its western allies are no longer faced by a monolithic enemy, they have to deal with a much more insidious danger: the possible dispersal of former Soviet nuclear weapons into much less secure and predictable hands. Ostensibly, the worst-case scenario – that of the fragmentation of the former Soviet Union's nuclear arsenal into several independent nuclear forces – appears to have been avoided, at least for the moment. At their meeting in Minsk last month, the members of the new Commonwealth of Independent States agreed that the ex-Soviet strategic nuclear forces would remain under a single command, thus meeting one of the west's main concerns.

The man in charge will be the Russian president, Mr Boris Yeltsin, though the other states with nuclear weapons on their territory – Ukraine, Kazakhstan and Belarus – will have to be consulted before they are employed. The decision by at least two of these republics to become non-nuclear states and to sign the Nuclear Non-Proliferation Treaty (NPT) must be considered a bonus.

The settlement of the quarrel between Russia and Ukraine over the control of the Black Sea fleet is a further step in the right direction, since all the ships capable of carrying nuclear weapons will remain under central command. Yet it is impossible to know at this stage whether these agreements will survive the severe strains that have arisen between Russia and its sister republics. Even on the most optimistic assumptions, the control and safety of nuclear weapons in the republics will remain a serious problem during a long transitional period.

Though all the new republics, except Russia, have agreed to remove or destroy their nuclear weapons by the end of 1994, some experts believe that such a process could take as long as five to 10 years in practice. During this time, states which have neither the necessary expertise, facilities or experience, let alone the financial resources, will be responsible for the transport, storage, dismantlement and destruction of thousands of dangerous nuclear weapons.

It is clear that they will not be able to carry out the provisions of the 1991 strategic arms reduction treaty (Start), which they have undertaken to respect, nor do so in safe and secure conditions, without massive aid from the west. Equally worrying, if not more so, is the likely impact of the break-up of the Soviet Union on the worldwide proliferation of nuclear weapons. Mr Dick Cheney, the US defence secretary, has just issued a stark warning that as many as eight or nine developing countries could possess nuclear weapons by the end of the century.

**A Mig-29 aircraft is said to be going for the snip of $25m. What price an intercontinental ballistic missile?**

There is already a lively market in Third World states for cut-price Soviet weaponry of all kinds. A Mig-29 aircraft is said to be going for the snip of $25m. What price an intercontinental ballistic missile? But what Mr Cheney and other western statesmen are really worried about is not so much the transfer of actual weapons as the leakage of nuclear know-how to developing countries seeking to acquire nuclear weapons.

The new independent republics are as fertile a head-hunting ground for countries such as Libya, Iran and Pakistan as Germany was for the US after the Second World War. Tens of thousands of scientists have already lost, or are about to lose, their jobs as the result of the break-up of the Soviet Union and can probably be bought for much less than the German rocket expert Wernher von Braun in 1945.

Restricting the membership of the "nuclear club" has always been an uphill battle. The number of adherents to the 1968 NPT, who have undertaken not to acquire nuclear weapons or assist others in doing so, has been steadily rising since it came into force some 22 years ago and has now reached the impressive number of 144. But the figures are misleading. While it is true that no country has joined the official "nuclear club" of the US, the former Soviet Union, Britain, France and China since 1964, undeclared members have been increasing slowly but steadily.

The spread of nuclear weapons has transformed the regional security picture. In the Middle East, Iraq came within an ace of matching Israel's presumed but unacknowledged possession of nuclear weapons, before it was comprehensively stopped in its tracks by the US-led military operation in the Gulf. In South Asia, both India and Pakistan have long been considered at least as threshold nuclear powers which, even if they did not already possess nuclear weapons, could quickly develop them. The same is true for North Korea, South Africa, Argentina and Brazil.

According to one school of thought, the possession of nuclear weapons by rival regional states could lead to a stand-off between them and bring stability to traditionally unstable areas, such as the Middle East. The more widely-accepted view, however, is that greater proliferation of weapons will inevitably lead to a heightening of political and military tensions in the regions concerned. The openly expressed fear in some US quarters that Pakistan could produce an "Islamic bomb", which could become the basis of a regional strategic bloc embracing Pakistan, Iran and the new Islamic republics of Central Asia, may not be all that far-fetched.

These developments have been offset by some recent improvements in the proliferation picture. South Africa, after the solution of several southern African regional conflicts, signed the NPT and ratified its IAEA safeguards agreement last year. Brazil and Argentina have also signed a bilateral safeguards agreement which will be linked to the IAEA safeguards system. And within the last few days, North Korea has concluded an agreement with South Korea declaring the peninsula free of nuclear weapons and accepting international inspections.

Nevertheless, the post-Gulf war discovery of the nuclear weapons development programme of an NPT member state, Iraq, has underlined the shortcomings of the treaty. The most urgent need is to strengthen the IAEA's safeguards regime to make sure that in future *all* nuclear facilities are declared by member states. That will require both a system of random or challenge inspections and the closer involvement of the UN Security Council in the non-proliferation regime, as it is already in the efforts to uncover Iraq's undeclared nuclear activities.

At the same time, care must be taken that the strengthened safeguards system does not give the appearance of an instrument used by the industrialised world to restrict Third World development. If the NPT is to be extended in 1995 for at least another 25 years, the nuclear powers must make sure that they have fulfilled their part of the original bargain, linking non-proliferation efforts to real progress in nuclear arms control.

Many developing countries will argue that the Start treaty does not go far enough. Their demand that further reductions of strategic weapons must be complemented by a comprehensive test ban treaty to halt the development of new nuclear weapons looks much more reasonable now than it did before the disintegration of the Soviet Union.

FINANCIAL TIMES
Wednesday January 15 1992



# IG Metall board calls for steel strike ballot

By **Andrew Fisher** in Frankfurt and **Christopher Parkes** in Bonn

*LEADERS* of *IG Metall*, Germany's powerful engineering and metal workers' union, yesterday backed away from the double-digit pay rise demands which have been a significant factor behind the Bundesbank's high interest rate policy.

However, the union also called a strike ballot among its 135,000 steel industry members, whose 10.5 per cent claim has been rejected by employers.

"We deliberately want to refrain from putting in double-figure claims," said Mr Franz Steinkühler, the engineers' leader, who announced a 9.5 per cent ceiling for regional pay claims this spring by the union, which is 4m-strong.

The recommendation demonstrates IG Metall's awareness that public opinion is swinging in favour of wage restraint, but the claim is still more than twice the inflation rate and is almost certain to be rejected by employers, swamped recently by gloomy forecasts.

The engineering branches are due to put in claims in March, when most forecasters expect Germany's economic downturn to be accelerating. Gross national product figures, due tomorrow, are expected to show nil or negligible growth in the fourth quarter over the previous quarter.

The union recognised Germany's economic difficulties, Mr Steinkühler said, and its "recommendation" took account of what was socially desirable and economically necessary, he added.

In spite of its apparently conciliatory tone, however, IG Metall decided to go ahead with a strike ballot among its steel industry members.

Mr Klaus Zwickel, deputy head of IG Metall, said steel employers had shown an unyielding attitude. As a result the steel talks had assumed "a significance way beyond that of the sector", but added that the union would still negotiate.

The talks are deadlocked with an offer of just over 5 per cent tabled by employers and proposals for more than 6 per cent from the union side. The strike ballot is due to be held on January 26 when a 75 per cent majority would be needed to call the workforce out.

Mr Ekkehard Schulz, chairman of the country's largest steelmaker, Thyssen Stahl, claimed that a settlement of the dispute with steelworkers was possible, but he insisted it had to be less than 6 per cent. He underlined his message by revealing a 42 per cent drop in profits.

# Unions found speeding in the slow lane

## High pay claims ignore Germany's waning economy, writes **Andrew Fisher**

GERMAN trade union negotiators have left themselves out on a limb with their demands for double-digit percentage wage rises at a time of slowing economic growth in the west, huge financial demands in east Germany, and increasing inflation.

One consequence of their demands was the Bundesbank's decision last month to raise interest rates more steeply than expected. This drew much criticism, but the central bank made it clear it would not tolerate present inflation of about 4 per cent or wage settlements as high as last year's 7 per cent.

The unions will not find it easy to climb down from their exposed position. This was shown by yesterday's decision by the powerful IG Metall union to hold a strike ballot in the steel industry, although it said further talks were still possible.

The banking and insurance union has also threatened warning strikes in banks this week in defence of its claim. Both are asking for 10.5 per cent pay rises.

Unions and employers hope compromise rather than confrontation will prevail. IG Metall's recommendation that regional claims do not exceed 9.5 per cent for the much more important engineering industry pay round this spring demonstrates its awareness that opinion is swinging against it.

Mr Franz Steinkühler, head of the union, admitted that profitability in the sector had "certainly worsened". But the recommended claim ceiling is still more than twice the inflation rate.

**WESTERN GERMAN WAGE AGREEMENTS**
**Demands and settlements, 1991-92**

| Sector/Company | No. of Employees (000s) | 1992 Wage demand in % | 1991 deal in % | Contract expiry |
|---|---|---|---|---|
| Steel | 126 | 10.5 | 6.0 | Nov 1 91 |
| Banking | 430 | 10.5 | 6.0 | Jan 1 92 |
| Food/catering | 460 | 9 | 6.2 | Early Jan 92 |
| Public sector | 2,506 | 9.5+ | 6.0 | Jan 1 92 |
| Coal/mining | n/a | | 4.9 | Feb 1 92 |
| Paper | 130 | 11.0 | 7.0 | Feb 1 92 |
| Wholesale and export trade | 278 | | 7.0 | Mar 1 92 |
| Retail trade | 743 | | 7.0 | Mar 1-May 1 92 |
| Construction | 1,024 | | 7.0 | Apr 1 92 |
| Engineering | 4,100 | 9.5 | 6.7 | Apr 1 92 |
| Printing | 124 | | 7.0 | Apr 1 92 |
| Textiles | n/a | | 6.7 | May 1 92 |
| Chemicals | 717 | | 6.7 | Jul 1-Sep 1 92 |
| Insurance | 220 | | 6.5 | Oct 1 92 |
| Oil refining | 10 | | 6.9 | Oct 1 92 |
| Volkswagen | 130 | | 6.7 | Nov 1 92 |

*Source: Salomon Brothers*

"The unions have not chosen their tactics very well this time," says Mr Gert Schmidt, an economist with IKB Deutsche Industriebank. "The public, the politicians, the Bundesbank and many employees are against them."

When the unions made their double-digit demands, the west German economy still seemed to be going strong. But GNP figures for the fourth quarter of 1991 out today are expected to show no growth between the third and fourth quarters and expansion of just 3 per cent on a year-on-year basis.

"The unions' problem is how to retreat without losing face," says Mr Adolf Rosenstock, senior economist with Industrial Bank of Japan, in Frankfurt.

With demand from east Germany waning, and export markets still not picking up, industrial companies now seem more willing to brave strikes rather than agree to pay awards at about the 7 per cent level obtained last year.

It remains to be seen whether the sword-sharpening will lead to battle. The Bundesbank, which is keeping a tight hold on the monetary reins, would like wage deals below 5 per cent, but accepts that the best it can hope for are between 5 and 6 per cent.

Because of higher pay deals, increased social security costs and lower productivity improvements, industry's unit wage costs rose by about 5.5 per cent last year, the strongest rise since the early 1980s.

This year, productivity will increase by slightly more than 1 per cent. Thus, argues Westdeutsche Landesbank, industry would be put under extreme competitive pressures if wage settlements again approached 7 per cent.

After the Bundesbank's own warnings, political pressure has built up against the unions. Not only have government politicians from Chancellor Helmut Kohl downwards called for wage moderation, so have regional politicians in states governed by both the Christian Democrats, the dominant party in the ruling federal coalition, and the Social Democrats, the federal opposition party.

At a time when public funds are needed to maintain the economic revival in east Germany, the central and state administrations are adamant they cannot afford to pay public sector workers and civil servants anything like the double-digit increases they are asking for.

At the same time, many export-oriented companies are suffering from weak markets.

"Industry fears a loss of competitiveness, especially to the Japanese," says Mr Martin Hüfner, chief economist at Bayerische Vereinsbank. Further big wage rises could thus have a severe effect on production and jobs in Germany.

"Union leaders sit on companies' supervisory boards and know the figures and their business situation," Mr Hüfner adds. "They are aware how far they can go, and when the limit is reached. This makes me hopeful that despite all the noise, there will be sensible settlements."

Most economists reckon agreements of about 6 per cent would be acceptable. Salomon Brothers, the US investment house, reckons this would allow inflation to ease to 3 per cent by the year-end after a peak of 4.7 per cent in March.

The central bank's ambitious goal is an eventual return to inflation of 2 per cent compared with the latest figure of 4.2 per cent in December. Core inflation is about 3.5 per cent, when the impact of last year's consumer tax rises are excluded.

The Bundesbank is worried that a planned rise in value added tax in 1993, currently stalled in a parliamentary committee, would add to medium-term inflationary pressures.

Not wanting to appear too provocative, Mr Helmut Schlesinger, president of the Bundesbank, avoided strictures against the unions when announcing the rate hikes which took the Lombard rate to 9.75 per cent and the discount rate to 8 per cent.

He made most play of the rising money supply, spurred by a sharp rise in bank lending, much of it to finance corporate investments in east Germany. But it was the unions which the Bundesbank wanted to take heed of its words and deeds.

Mr Hüfner hopes the message got through. "I believe the unions are thinking about what the Bundesbank did," he says.

Only when the Bundesbank is confident that they have thought hard enough, and signed moderate pay accords, will it consider reducing rates again.

THE LEX COLUMN

# A new regime for Fisons

The rise in Fisons' share price in response to the abrupt departure of Mr John Kerridge is thought-provoking. Mr Kerridge and the City had not seen eye to eye for years; most recently, he has borne responsibility for blunders in the US. But he is also the man who rescued Fisons and brought it to a pitch of operating efficiency over the past decade. He leaves the company searching for a chief executive and in the presumably temporary hands of a non-pharmaceuticals executive from Unilever.

The sanguine view of the market can perhaps be justified on two counts. First, the great drawback about Fisons as an investment under Mr Kerridge was its lack of disclosure. The more open approach promised by his successor should be worth something on the price in itself. Second, Mr Kerridge was opposed to the idea of merger. Conceivably, *that might change as well.*

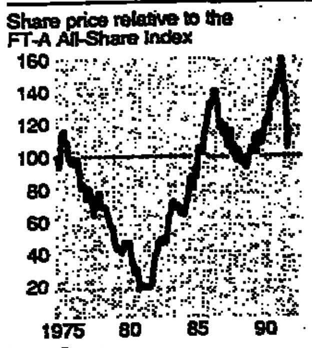
But there is room for caution here. The notion of Fisons being the target of a hostile bid was always very doubtful. Even in the world of drug giants, a starting market capitalisation of £2.5bn is a formidable proposition, particularly since £2.1bn of that consists of goodwill. An agreed deal with – for example – ICI might have its attractions; but mergers are by their nature harder to bring off.

Then again, the shares are perhaps attractive even without a deal. They have recently taken their worst hammering since the dark days of the 1970s, for reasons which are public and quantifiable; and even Fisons' harshest critics never denied the underlying quality of the business.

FT-SE Index: 2,516.3 (+26.2)

**Fisons**

Share price relative to the FT-A All-Share Index




Source: Datastream

### UK economy

The trouble with declining inflation is that it is a mixed blessing when nominal interest rates are stuck at a high level. Yesterday's UK producer price figures showed both a healthy decline - to a year-on-year rate of 3.8 per cent - in underlying output price inflation and a welcome 12-month drop in input prices. Admittedly the data only cover the manufacturing sector: services inflation is more stubborn, thanks to the likes of British Rail with its annual fare increases.

But producer price trends still point in theory to a gentle economic stimulus from declining manufacturing costs and to scope for an eventual sharp fall in interest rates as decelerating wholesale inflation feeds through to the retail level. All the more so, since the annual rate of producer price increases should fall even more sharply next month as last January's exceptionally large 1.2 per cent rise falls out of the equation.

*Unfortunately* membership of the Exchange Rate Mechanism means UK interest rates are affected less by domestic inflation than by their differential with those of Germany. Recent French experience suggests that is unlikely to change even if headline UK inflation falls below that of Germany in February or March. With a showdown over wages looming in the German steel industry, the Bundesbank is unlikely to start cutting rates soon. Until it does, declining inflation in the UK will simply mean higher real interest rates. That in turn is likely to negate any economic benefit from weak commodity prices.

### Oil price

Yesterday's unusual decision by Libya to make a voluntary cut in its oil production was the second outburst of self-sacrifice within Opec in a matter of days. As with Venezuela's similar cut, the actual volume of oil is much less significant than the suggestion that relations within Opec are not nearly as bad as the market has been assuming. After all, the traditional pattern for producers is to bump up their production ahead of Opec meetings in order to make any agreed or forced reductions from a higher base.

It would perhaps be unwise to read too much into the cuts, but they have helped the oil price to rally from its embarrassing lows last week. For the main producers, including those outside Opec, that is just as well. If Brent crude prices were to stick around $18 per barrel, for example, the North Sea would barely produce sufficient cashflow to fund this year's exploration programmes, let alone the sort of safety and maintenance spending required in 1991.

Yesterday's demand forecasts by the International Energy Agency thus provided some comfort. Its assumed fall in Russian consumption may not happen, but, even if it does, demand looks pretty resilient given the weak world economy and mild winter. But it is hard to avoid the conclusion that Opec will have to come up with much bigger production *cuts* when it meets next month if it is to push the oil price up much further. Until then, the market will continue to be dominated by the traders whose short-term outlook drove the price down.

### Life insurance

Yesterday's new business figures from Prudential seemed scant justification for shaving 2p off the shares. The tone of the stock market, after all, was generally firm and the pattern of healthy single premium sales and static annual premium growth from the Pru was much as expected.

A more plausible explanation is that investors remain bothered by the possibility of a Labour government, a factor which has already contributed to the life sector's underperformance this year. There are several concerns here, notably that the lucrative personal pension contracts which account for 45 per cent of the Pru's new UK business, and more than 50 per cent of Legal and General's, will be badly hit. Labour is clearly committed to beefing up the state earnings related pensions scheme (serps), and to limiting the tax relief on pension contributions (presumably to the basic rate). It is also likely to require better guarantees for those opting out, something which is unlikely to appeal to pension providers.

The market's reaction is nevertheless curious because most of this has been known for months and the polls are still inconclusive. There would also be some pluses with Mr Kinnock at Number 10. A Labour government would probably introduce a more complex tax system – thereby creating opportunities to sell some sophisticated new products – while a wider spread of disposable income might spur sales of standard policies. In the short term, however, the sector may find it hard to shake off the tag of political risk.

## Rightwing members protest against talks on Palestinian autonomy

# Israeli coalition may lose majority

By **Hugh Carnegy** in Jerusalem and **George Graham** in Washington

EXTREME rightwing members of Israel's government yesterday stepped up threats to quit Mr Yitzhak Shamir's coalition – a move likely to presage an early general election – in protest against negotiations on Palestinian self-government in the occupied territories.

Two parties, Tehiya and Moledet, have long said they would leave the government, depriving Mr Shamir of his parliamentary majority, if the Middle East peace process reached the stage of negotiations on Palestinian autonomy, which they strongly oppose.

News from Washington that Israeli and Palestinian negotiators had exchanged proposals covering autonomy prompted the leaders of the two factions to say they would quit the coalition by next week if it was confirmed that Israel had tabled an autonomy blueprint. Negotiators said that they had only exchanged proposals for an agenda for the talks.

Israel opened its first bilateral negotiations with Jordan in the US capital yesterday, following Monday's agreement on a procedural formula to allow talks to go ahead with Jordanian and Palestinian delegates.

Officials said they hoped it would be possible at least to sketch out preliminary positions on issues that divide the two countries before tonight, when Israeli negotiators have said they plan to leave for home.

A second round of talks between Israeli and Palestinian negotiators was also expected yesterday, while Israel also resumed separate bilateral negotiations with Syria and Lebanon.

The latest round of Arab-Israeli peace talks has not been expected to yield any substantial breakthroughs.

US officials remain optimistic, however, and argue that these often hostile bilateral meetings are a necessary step in the evolution of Arab-Israeli relations.

Meanwhile, Jewish settlers in the occupied territories, from whom Tehiya and Moledet draw heavy support, reacted angrily to reports of progress. Mr Benny Katsover, a senior leader of the settlers, threatened violence if autonomy was conceded.

Mr Shamir's office confirmed that only the agenda for detailed negotiations had been discussed in Washington. But Mr Yossi Achimeir, a senior aide to the prime minister, said it was clear that interim Palestinian self-government – a central aim of the US-Russian sponsored peace talks - would soon be on the table. He predicted the departure of Tehiya and Moledet from the coalition was "very close".

Mr Achimeir said he expected a general election in three or four months as a result – six months ahead of the due date in November. He said the peace talks would continue in the meantime.

Speculation that elections will be called early has been building steadily in the past two weeks. Yesterday Mr Yitzhak Rabin, a top Labour leader and former premier, said Mr Shamir's commitment to the Jewish settlers meant it was impossible for him to advance the peace process. He said an early election was necessary.

However Mr Shamir is not averse to the idea. His Likud party is ahead in the polls. He can argue that his tough stance in the peace talks had forced the Arabs to negotiate on Israel's terms. Domestically, rising unemployment, a growing political issue, is likely to be worse in November than in the spring.

# MCC cash transfers

Continued from Page 1

foundations to buy MCC shares, is the subject of one of five investigations by the Serious Fraud Office into the publisher's collapsed empire.

It is an offence under UK company law for a company to fund the purchase of its own shares without obtaining the approval of its shareholders.

Mr Albert Fuller, head of MCC's treasury or funding operations, emerges as a central figure in the transfer of funds, according to the Price Waterhouse report, delivered to the banks on December 18. His signature appears on £33m of payments between April 29 and July 22.

There is no evidence to suggest that Mr Fuller and other MCC directors – apart from Mr Robert Maxwell – knew the purpose of the transfers of MCC funds. Mr Robert Maxwell's signature appears on £241m of the transfers.

The report also exposes the sweeping powers that Mr Robert Maxwell won from the company in 1981.

On November 26 1981, shortly after Mr Maxwell rescued the company from financial disaster, a resolution was passed *"that the Chairman . . . is hereby appointed a Committee of the Board and that there be . . . delegated to the Chairman as such Committee all the powers of the Board".* The powers were never rescinded.

According to Price Waterhouse's investigation, Mr Maxwell's youngest son Kevin, MCC's chief executive, signed £52m of transfers and his brother Ian £8m.

Mr Jean Pierre Anselmini, the former deputy chairman, signed only £2m and Mr Basil Brookes, finance director, only £1m, even though their positions suggested they had a central role in the company's finance.

# US retailers suffer worst year in decades

By **Michael Prowse** in Washington

THE US economy sagged at the end of last year, giving US retailers their worst year in at least two decades, sales figures indicated yesterday.

Retail sales fell 0.4 per cent last month, before allowing for inflation, a bigger decline than financial markets had expected. Figures for November were revised down sharply to *show a fall of 0.5 per cent* rather than a rise of 0.3 per cent.

Excluding cars, retail sales have fallen for five months running. Share prices, however, rose on Wall Street as investors looked beyond current economic troubles to an expected upturn in the second half of the year. By midday, the Dow Jones Industrial Average was up 14.31 at 3,199.91.

Yesterday's figures indicate retail sales fell at an annual rate of about 3 per cent in real terms in the fourth quarter, raising the prospect that gross domestic product fell modestly after two quarters of weak growth during the summer.

*For 1991 as a whole, retail* sales rose only 0.7 per cent in cash terms, well below the underlying rate of inflation of about 3 per cent.

Mr Donald Straszheim, chief economist at New York broker Merrill Lynch, said the figures showed the consumer was "dead in the water" in December. The economy was likely to decline both in the fourth quarter of last year and in the current quarter.

"The heat is still on the president to propose some kind of economic rescue package in the State of the Union address later this month", he said.

Mr Maury Harris, chief economist at Paine Webber, another New York broker, said the economy's weakness indicated the Federal Reserve would have to ease monetary policy again.

The poor retail sales figures follow a series of weak economic indicators. On Friday, the Labour Department reported a rise in unemployment to 7.1 per cent, the highest level in five years.

Previous releases showed a sharp fall in the Purchasing Managers' Index – a sign of renewed contraction in manufacturing, weak car sales, a drop in consumer confidence and a sharp decline in the index of leading indicators.

Sentiment in financial markets, however, has been buoyed by the Fed's unexpected 1 point cut in the discount rate to 3.5 per cent shortly before Christmas. This increased the expectations of a recovery later this year.

Markets, Page 36



## WORLDWIDE WEATHER

| | | °C | °F |
|---|---|---|---|
| Ajaccio | F | 14 | 57 |
| Algiers | F | 15 | 59 |
| Amsterdam | C | 8 | 46 |
| Athens | F | 11 | 52 |
| Bahrain | S | 15 | 59 |
| Bangkok | F | 29 | 84 |
| Barcelona | S | 13 | 55 |
| Beirut | | - | - |
| Belfast | C | 6 | 43 |
| Belgrade | S | 2 | 36 |
| Berlin | Dr | 6 | 43 |
| Biarritz | S | 6 | 43 |
| Bombay | S | 31 | 88 |
| Bordeaux | S | 4 | 39 |
| Boulogne | C | 3 | 37 |
| Brussels | C | 4 | 39 |
| Budapest | F | 2 | 36 |
| Buenos Aires | F | 29 | 84 |
| Cairo | F | 17 | 63 |
| Cape Town | S | 24 | 75 |
| Caracas | C | 28 | 82 |
| Casablanca | | - | - |
| Chicago | C | -6 | 21 |
| Cologne | Dr | 3 | 37 |
| Copenhagen | F | 7 | 45 |
| Corfu | F | 13 | 55 |
| Dallas | S | 1 | 34 |
| Dublin | C | 5 | 41 |
| Dubrovnik | | - | - |
| Edinburgh | S | 7 | 45 |
| Faro | F | 15 | 59 |
| Florence | S | 7 | 45 |
| Frankfurt | C | 4 | 39 |
| Geneva | C | 1 | 34 |
| Gibraltar | C | 15 | 59 |
| Glasgow | S | 8 | 46 |
| Helsinki | Sn | -2 | 28 |
| Hong Kong | S | 14 | 57 |
| Innsbruck | F | -1 | 30 |
| Inverness | S | 8 | 46 |
| Islamabad | F | 17 | 63 |
| Istanbul | F | 7 | 45 |
| Jakarta | R | 30 | 86 |
| Jersey | S | 4 | 39 |
| Johannesburg | S | 28 | 82 |
| Lima | F | 27 | 81 |
| Lisbon | R | 12 | 54 |
| London | C | 6 | 43 |
| Los Angeles | S | 8 | 46 |
| Luxembourg | C | 1 | 34 |
| Madeira | F | 18 | 64 |
| Madrid | F | 8 | 46 |
| Majorca | F | 13 | 55 |
| Malaga | C | 15 | 59 |
| Malta | F | 15 | 59 |
| Manchester | C | 6 | 43 |
| Manila | C | 28 | 82 |
| Melbourne | F | 18 | 64 |
| Mexico City | C | 22 | 72 |
| Miami | S | 22 | 72 |
| Milan | C | 1 | 34 |
| Montreal | R | 0 | 32 |
| Moscow | S | -11 | 12 |
| Munich | F | 0 | 32 |
| Nairobi | F | 24 | 75 |
| Naples | S | 12 | 54 |
| Nassau | F | 26 | 79 |
| New Delhi | S | 17 | 63 |
| New York | R | 12 | 54 |
| Nice | S | 13 | 55 |
| Nicosia | R | 13 | 55 |
| Oporto | S | 13 | 55 |
| Oslo | F | 1 | 34 |
| Paris | S | 3 | 37 |
| Peking | S | 3 | 37 |
| Prague | F | 1 | 34 |
| Reykjavik | C | 7 | 45 |
| Rhodes | S | 14 | 57 |
| Rio de Janeiro | C | 36 | 97 |
| Rome | S | 12 | 54 |
| Salzburg | C | 1 | 34 |
| San Francisco | S | 6 | 43 |
| Seoul | S | 4 | 39 |
| Singapore | F | 31 | 88 |
| Stockholm | F | 6 | 43 |
| Strasbourg | S | 3 | 37 |
| Sydney | F | 23 | 73 |
| Taipei | R | 10 | 50 |
| Tangier | F | 17 | 63 |
| Tel Aviv | F | 13 | 55 |
| Tenerife | S | 22 | 72 |
| Tokyo | S | 9 | 48 |
| Toronto | Sn | 0 | 32 |
| Tunis | S | 15 | 59 |
| Valencia | S | 11 | 52 |
| Venice | F | 3 | 37 |
| Vienna | S | 3 | 37 |
| Warsaw | Sn | 0 | 32 |
| Washington | C | 13 | 55 |
| Zurich | C | 1 | 34 |

Temperatures at midday yesterday C - Cloudy Dr - Drizzle F - Fair Fg - Fog H - Hail R - Rain S - Sunny Sl - Sleet Sn - Snow T - Thunder

FINANCIAL TIMES
# COMPANIES & MARKETS
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## INSIDE

### Primerica earnings reach $478.8m

Primerica, the US financial services group, yesterday announced record fourth-quarter earnings of $132.1m, mainly because of a strong contribution from Smith Barney, its Wall Street broking subsidiary. The buoyant final quarter took Primerica's full-year earnings to $478.8m, well up on 1990's figure of $372.9m. Page 18

### Fight over a home to roost

The Northern Spotted Owl, which inhabits the north-west coastal forests of the US, has become the focus of a clash between environmentalists and the timber industry. The owl's supporters say logging will destroy its habitat, while the industry fears the loss of thousands of jobs and rising lumber prices. Page 24

### Liffe rounds up marketmakers

The London International Financial Futures Exchange (Liffe) has rounded up enough marketmakers in individual stock options to allow its merger with the London Traded Options Market to go ahead. Page 20

### Holding a head up in India

Eveready batteries sell as briskly as ever in India, in spite of seven years of public bashing of the group which produces them — Union Carbide. The head of Union Carbide in India has tried to distance his group's name from its products, for in 1984, more than 3,000 people were killed by a gas disaster at Union Carbide's Bhopal plant. Page 18

### Howden shows recovery

Howden Group, the Glasgow-based engineering concern, showed a sharp recovery in pre-tax profit to £5.81m ($10.5m) in the six months to October 31, compared with £214,000 in the first half of last year. The interim dividend is cut to 0.7p, resuming payment after a passed final. Page 22

### A clean sweep

It has been a busy few months Colgate-Palmolive, the US consumer products business. The company has announced plans to close or reconfigure 25 of its 91 factories; made its first-ever public offering of stock; unveiled plans to enter China; and has made an acquisition. Page 18

### UK sales pull Eurotherm down

A hefty fall in UK sales was behind lower than expected results for Eurotherm, the UK control equipment and systems group, which reported a 46 per cent fall in pre-tax profits for last year to £7.15m. ($12.95m). In the year to October 31, the group had found it very difficult to find customers willing to spend any money in what had been "a pretty lousy year economically", said Mr Jack Leonard (left), chairman. Page 21

### Market Statistics



### Companies in this issue



### Chief price changes yesterday

| FRANKFURT (DM) | | | | PARIS (FFr) | | | |
|---|---|---|---|---|---|---|---|
| **Rises** | | | | **Rises** | | | |
| AG Ind | 890 | + | 17 | Accor | 710 | + | 14 |
| Aachen | 825 | + | 17 | Coparex | 530 | + | 30 |
| Douglas | 640.2 | + | 10.2 | Damart | 2699 | + | 151 |
| Volkswagen | 307 | + | 6.5 | Legris | 430 | + | 19 |
| **Falls** | | | | Taittinger | 3130 | + | 230 |
| Asko | 630 | − | 11 | **Falls** | | | |
| Deckel | 112 | − | 7.8 | Dollfus | 287 | − | 12 |

| NEW YORK ($) | | | | TOKYO (Yen) | | | |
|---|---|---|---|---|---|---|---|
| **Rises** | | | | **Rises** | | | |
| American Ex | 22 5/8 | + | 3/4 | Kimura Chem | 890 | + | 54 |
| Citicorp | 12 7/8 | + | 3/8 | Nagoya Rail | 720 | + | 48 |
| **Falls** | | | | **Falls** | | | |
| Corning | 66 1/8 | − | 2 3/4 | Crown | 2400 | − | 190 |
| Dow Chem | 51 1/2 | − | 2 3/8 | Daito Wool | 1820 | − | 180 |
| Exxon | 59 1/2 | − | 1/4 | Miyairi Valve | 350 | − | 25 |
| Texaco | 60 1/8 | − | 1 | Toyoda Auto | 1330 | − | 100 |

New York prices at 12.30pm.

| LONDON (Pence) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Rises** | | | | Howden | 55 | + | 3 |
| Argos | 273 | + | 13 | Intercare | 141 | + | 6 |
| Arjo Wiggins | 272 | + | 12 | Pearson | 740 | + | 13 |
| Barbour Index | 191 | + | 12 | UniChem | 182 | + | 10 |
| Burndene Inv | 175 | + | 56 | WPP Group | 47 | + | 5 |
| Carlton Comm | 529 | + | 15 | **Falls** | | | |
| Crown Eyeglass | 248 | + | 23 | Aerospace Eng | 28 | − | 3 |
| De La Rue | 527 | + | 14 | Hazlewood Fds | 142 | − | 20 |
| Fisons | 365 | + | 11 | Jacques Vert | 100 | − | 16 |
| GUS A | 1403 | + | 35 | Nobo Group | 71 | − | 6 |
| GRE | 132 | + | 9 | | | | |

■ Tighter regulation may hurt foreign securities houses ■ Task force expected to recommend new controls

# Tokyo SE to reform derivative markets

By Robert Thomson in Tokyo

THE Tokyo Stock Exchange has announced that a task force will be established to "reform" the country's stock derivatives markets, which it claims are the source of violent price movements and enduring weakness in the cash market.

TSE officials said they want to tighten control over stock index futures and options trading, a move which could hurt foreign securities houses, as they have been particularly successful in these areas and lead their Japanese competitors in expertise.

Mr Minoru Nagaoka, the TSE president and an increasingly strident critic of derivatives, said the futures market was designed for hedging purposes, but "it has been used primarily for speculation" and has caused unnecessary disruption to the cash market.

He said the task force, whose membership is yet to be decided, would be jointly established with the Osaka exchange (OSE), Japan's second largest, and is expected to recommend new controls and changes to format of the products.

A UK broker welcomed the appointment of a task force in the belief that the TSE investigation will conclude that tighter controls are a mistake and that derivatives are not the cause of stock price weakness in Tokyo: "It is better that they study the system than make rash changes."

Foreign brokers have already criticised Japanese exchanges' attempts to tighten control over stock index futures and options trading by increasing margin deposit requirements on three occasions last year. TSE officials had justified these moves by suggesting that the large trading volumes in these areas have "confused" the cash market.

Mr Nagaoka said the "abnormal trading imbalance" was shown by the fact that daily average turnover for stock index futures on the TSE and OSE last year was Y2,300bn ($18bn), more than five times the amount of turnover on the Tokyo market's first section.

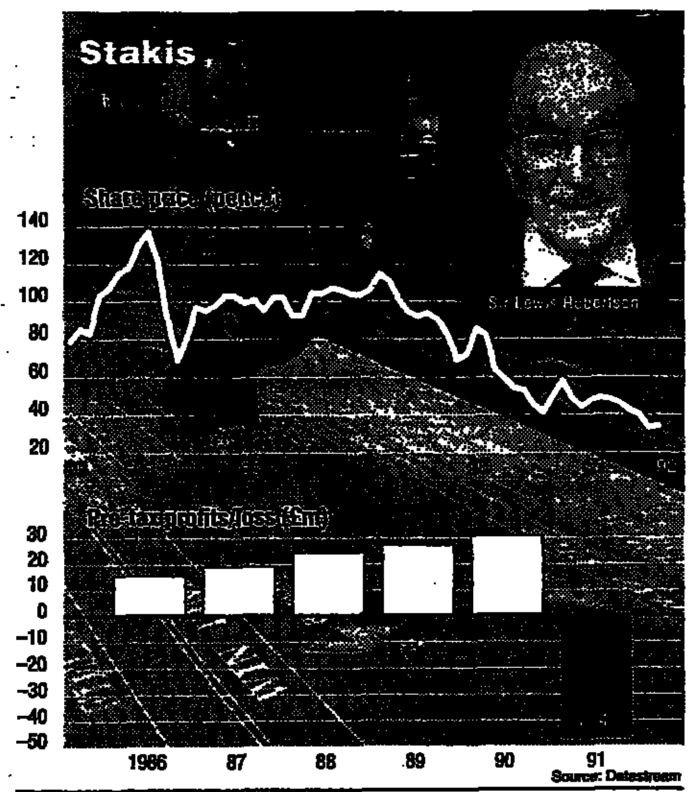
He argues that the huge volume of arbitrage-related trading between futures and cash stocks is causing unnecessary price fluctuations, and that this volatility is discouraging participation by individual investors.

The Tokyo market has been weak since the frenzied buying of late 1989, when the Nikkei stock average peaked at 38,915.87 and the collapse of Japan's financial "bubble" is generally reckoned to have begun – the Nikkei average closed yesterday at 21,775.13.

Investor confidence has been hurt in the past year by the spate of stock market scandals, by fears of a collapse in property prices, by concerns about the health of financial companies and, more recently, by a decline in business confidence that has accompanied the slowing of economic growth.

The market downturn has badly bruised the leading Japanese brokers, which reported profit falls of 64 per cent and more for the first half to the end of September, but the Tokyo operations of some foreign houses have profited from their expertise in derivatives. Salomon Brothers, the US house, reported a 74 per cent increase in operating income for the first half.

A heavy-handed attempt to control the derivative markets could become a source of trade friction between Tokyo and Washington, which has shown increasing anger at what it considers to be the unnecessarily slow pace of financial reform in Japan.




# AT&T, Dutch PTT in Ukraine deal

By Martin Dickson in New York and Ronald van de Krol in Amsterdam

AMERICAN Telephone & Telegraph and state-owned PTT Telecom of the Netherlands have formed a joint venture with the Ukraine government to modernise and operate the long-distance and international telecommunications network in the former Soviet state.

The deal represents a significant expansion in eastern Europe for both companies, particularly for AT&T, the biggest US long-distance telephone operator, which will own 39 per cent of the venture.

The Dutch company will hold 10 per cent and 51 per cent will be owned by the Ukraine's state committee of communications.

AT&T, which has been expanding rapidly outside America and wants to become the leading global telecommunications company, said this was the first time it would play a leading role in building and operating a long-distance voice network outside the US.

The Ukraine venture has two main elements.

One involves building, owning and operating a new international network.

At present international communications to and from the state is routed through Moscow on 150 circuits.

Ukraine's state communications committee is adding 60 new circuits – 30 to western Europe and Israel via PTT Telecom's Amsterdam facilities and 30 to North America.

The second element involves building and operating a long-distance network connecting 13 of the Ukraine's 25 telephone districts.

AT&T's main financial commitment to the joint venture will take the form of 13 switching systems to link the regions.

PTT Telecom's stake will take the form of an unspecified sum in hard currency.

Both foreign investors see big opportunities in the Ukraine, which has a population of 52m people and already has 7m telephone lines, high by the standards of the former Soviet Union.

The government wants to have 22m lines in service by the turn of the century and the joint venture will work on plans to double the number of local lines to 13m.

For PTT Telecom, which is 100 per cent state-owned but operates at arms length from the Dutch government, the Ukraine deal represents a further step to expand internationally and overcome the limited size of its home market.

PTT Telecom also has a presence in Czechoslovakia, where it has set up a consultancy joint venture to help the country build a modern telephone system.

In recent years, the Dutch company has opened offices in Brussels, London, New York and Tokyo and reached co-operation pacts with telecommunications authorities in other western countries. AT&T has been building its business in eastern Europe over the past two years, with the emphasis on Poland.

Last October it inaugurated the first direct dial service between the former Soviet republic of Armenia and the rest of the world.

# Fisons chief quits on health grounds

By Daniel Green in London

MR JOHN KERRIDGE resigned yesterday as chairman and chief executive of Fisons, the UK drugs and scientific equipment company that has been the subject of mounting criticism from its institutional shareholders in recent months. The company said his departure was on grounds of ill-health after doctors diagnosed a heart condition.

Mr Patrick Egan, a non-executive director of the company since 1985, takes over as executive chairman. Fisons intends to appoint a new chief executive and make Mr Egan non-executive chairman. It is looking for suitable candidates both within and outside the company.

Mr Egan said that Mr Kerridge "always knew" of the possibility of heart trouble, "and the events of the past few months cannot have helped".

Those events include a 31 per cent fall in the company's share price from a record high of 515p to 354p at Monday's close. Yesterday, the shares rose 11p to 365p.

The decline in the share price came despite Mr Kerridge saying at the company's interim results in September that he was more optimistic over business prospects than for several years. He forecast that two of Fisons' products, Opticrom, an eye drug, and Imferon, a blood-iron treatment, which had been suspended from the US market by the Food and Drug Administration (FDA), should be back on sale quickly.

This did not happen and the shares fell steadily through the autumn. Investor confidence was further shaken on December 11 by the revelation that not only would the ban remain in force but that it had so far cost Fisons £65m ($116.35m) in lost profits.

James Capel, the City of London stockbroker, is forecasting a profit of £185m for 1991, compared with £230m in 1990. It blames the fall on Opticrom's and Imferon's problems.

Fisons then became embroiled in a public row with a Washington publication called The Pink Sheet, which follows the FDA closely. The company accused the publication of distortions in reporting FDA criticisms of its manufacturing practice. The Pink Sheet responded that it had directly quoted FDA officials.

Mr Egan denied that there was any bad feeling between the company and the FDA. The matter will be tested at the next visit of FDA officials to Fisons premises due before the end of March.

Mr Egan acknowledged that institutional investors had been pressing for the roles of chairman and chief executive to be separated at Fisons. He said that, apart from this request, shareholders had no influence on the departure of Mr Kerridge.

Fund managers yesterday expressed surprise that Mr Kerridge was leaving the company: "We thought his role would split," said one.

Fisons was criticised in 1989 for over-confidence in expecting the FDA to approve its version of Pentamidine, a pneumonia drug. The FDA chose a rival.

Lex, Page 14

# Stakis seeks to extend debt pact

By James Buxton, Scottish Correspondent

STAKIS, the UK hotels and health care group where a rescue is in progress under chairman Sir Lewis Robertson, is to negotiate with its bankers an extension of a standstill agreement on repayment of £192m ($347.7m) debt.

This follows its decision not to sell 19 casinos which it had hoped would raise £100m. Sir Lewis said it had not been possible to sell the casinos at an acceptable price.

Stakis yesterday announced a pre-tax loss of £47.4m for the year to September 30 after exceptional costs of £43.7m which were announced with the interim results in June. These involved a £32.2m write-down on property developments and other assets, and £11.5m of provisions for restructuring. In 1989/90, Stakis's pre-tax profit was £30.6m including disposal profits of £18m.

The results were in line with analysts' expectations. Stakis is paying a final dividend of 0.45p making a total for the year of 0.9p compared with 2.70p in 1990. Interest paid was £21.4m (£8.9m).

The company last month installed Mr David Michels, a former executive of Hilton International, as chief executive. It has raised £30m by selling pubs, restaurants and pizza houses, bringing debt down from the peak of £215m at the end of September.

The standstill agreement on repayment of Stakis's bank debt expires in March. Stakis wants to renegotiate it for a further year and Sir Lewis said that its main banks, Royal Bank of Scotland and Barclays, had authorised him to say that they were sympathetic to the renewal. However, Stakis has debts to 21 banks, some of them overseas. Talks with the banks begin next week.

Sir Lewis said gearing was 63 per cent and it was "far better for the banks to have a going concern than to enter into the uncertainties of receivership". All divisions had made operating profits, except property which lost £1.1m.

# Air France close to deal with Sabena

By Paul Betts, Aerospace Correspondent, in London

AIR FRANCE expects to clinch a partnership agreement with Sabena this year and open the way for the development of Brussels into a new European airline hub.

Mr Bernard Attali, the Air France chairman, confirmed yesterday that the French flag carrier was ready to invest FFr700m ($129.62m) in Sabena in return for a 37 per cent stake in the Belgian airline.

Although talks between Air France and Sabena remain suspended because of the uncertain political situation in Belgium, Mr Attali said he was "quite hopeful" that the negotiations would end successfully.

Air France emerged as Sabena's favoured partner after talks between the Belgian airline and British Airways collapsed last year.

After failing to reach an agreement with Sabena, BA has turned its attention to negotiating an even more ambitious partnership with KLM Royal Dutch Airlines and Northwest, the US carrier in which KLM has a 20 per cent stake.

BA has so far refused to comment on its talks with KLM which are understood to be at a particularly sensitive stage. The complexity of the proposal to create a new global airline partnership between BA and KLM modelled on the Anglo-Dutch Unilever and Royal Dutch Shell conglomerates is expected to entail several more weeks of discussions with the outcome still uncertain.

Both the Air France-Sabena and the BA-KLM negotiations reflect the scramble by international airlines to develop significant partnerships and position themselves in an increasingly global and deregulated airline market.

Apart from the proposed alliance with Sabena, Air France has already completed a series of strategic agreements and acquisitions including a co-operation pact with Lufthansa, an investment in CSA of Czechoslovakia, and the acquisition of the French carriers Air Inter and UTA.

The French carrier has also held talks with USAir and is in discussion with airlines in the Asia-Pacific region, among them, Japan Air Lines (JAL). Air France, Lufthansa and JAL recently agreed to invest jointly a total of $250m in building a terminal at New York's Kennedy airport on the site of the now defunct Eastern Airlines terminal.

Mr Attali also indicated yesterday that after a net loss of FFr1bn in the first half of last year, the Air France group was expected to report a net loss of around FFr700m for the full year in 1991, similar to the 1990 deficit.

# Groupe Bull near to decision on US partner

By Alan Cane in London

GROUPE BULL, the ailing French manufacturer, is close to a decision on which US computer company it will choose as technology and equity partner, according to sources close to the negotiations.

The sources say the French government is deply divided over the outcome. A decision is expected next week.

Mrs Edith Cresson, the French prime minister, and Mr Dominique Strauss-Kahn, the industry minister, favour Hewlett-Packard, the US minicomputer and instrumentation supplier.

The French Ministry of Finance, however, is believed to support International Business Machines, the world's largest computer manufacturer. IBM is reported to be extremely anxious to deny other US manufacturers the opportunity of a partnership with Bull.

Hewlett Packard is claiming that it can offer Bull better technological collaboration in three key areas – high performance computer chips, client server computing and advanced networking.

Bull is an attractive partner since it has access to the French government market, it has technology of value to its competitors and it would represent an opportunity to share costs of developing the next generation of high powered workstations.

Rumours that an investment in the French-Italian chip maker SGS Thomson would be part of the price of the deal have no foundation but the French have asked both IBM and HP if they would be willing to licence its high performance chip technology to SGS Thomson.

## INTERNATIONAL COMPANIES AND FINANCE

# Thyssen Stahl to shed 2,000 jobs and cut output

By **Christopher Parkes** in Bonn

THYSSEN STAHL, Germany's biggest steel-maker, is to cut 2,000 jobs and reduce output by 4 per cent following a 42 per cent slump in profits last year. Mr Ekkehard Schulz, chairman, said yesterday that the current year's results, although still in the black, would be "markedly worse".

Further economy measures might include a merger of the company with Thyssen Edelstahl, the special steels division of the parent Thyssen group.

"In the light of technical and economic developments over the last year there is every reason for bringing them together," Mr Schulz said. A decision would be made in the summer at the earliest.

Blaming low prices for the second profits fall in succession, he claimed the company's revenues from steel fell DM60 ($38) a tonne last year. "If you consider that we have volume of 10m tonnes, you can see the problems we have had to face," he said.

Although some improvements could be seen, prices were still 15 per cent below 1989 levels.

Sales fell in all the company's main markets. Even in Germany turnover edged down from DM6.6bn to DM6.5bn, reflecting weakening demand in the last quarter.

Group sales in the year to the end of September dropped 8 per cent to DM10.44bn, and net profits, adjusted for acquisitions, tumbled to DM317m from DM549m in 1988-1989, the group reported a net return of DM969m on world sales of DM11.8bn.

Mr Schulz said that in the present circumstances wage increases should be less than 6 per cent. The company, which employs a third of all Germany's steelworkers, would not be "killed" by a strike, he added. He was responding to threats, later confirmed, that the IG Metall union was to call a strike ballot following the breakdown of pay talks over a 10.5 per cent claim.

# Portuguese investors in Banesto shares scheme

By **Patrick Blum** in Lisbon

PORTUGUESE shareholders in Banco Totta e Acores (BTA), Portugal's third largest commercial bank, will take a stake in Banco Espanol de Credito (Banesto) and buy 3m BTA shares through the market in a move designed to strengthen the Portuguese nucleus of investors within BTA.

This follows an agreement with Banesto which directly holds just under 10 per cent of BTA. Banesto also has a 49 per cent stake in Valores Ibericos (VI), a Portuguese holding company, which has a 28.6 per cent stake in BTA. The other 51 per cent of VI is held by Portuguese shareholders led by Mr Jose Roquette, BTA president.

Mr Roquette said that the Portuguese shareholders had grouped their forces in MSF, a holding company, which would receive their 51 per cent stake in VI in a share transfer. When the share transfer and the purchase of additional BTA shares were completed, VI, MSF, Banesto and other Portuguese shareholders would hold about 49 per cent of BTA.

The Portuguese government stills holds 16.15 per cent in the bank. The reminder of the shares is divided among over 40,000 shareholders.

The new share structure was agreed with Banesto to put an end to months of uncertainty and disputes about the Spanish bank's intentions towards BTA.

BTA has about 210 branches and is expected to show a profit of Es22bn ($157m) for 1991, about double its profits in the previous year.

# Lenders to Italian group set out strategy

By **Haig Simonian** in Milan

FOREIGN bank lenders to Federconsorzi, the Italian farm services group whose collapse triggered a major financial squall in the capital markets last year, have defined their strategy before a crucial court meeting later this month.

Federconsorzi's creditors are due to meet in Rome on January 29 to ascertain whether there is sufficient support to approve the Concordato Preventivo – a judicial composition among creditors – initiated in principle last July.

Foreign banks are owed around L300bn ($251m) by Federconsorzi, to which the Italian government appointed special commissioners last May. Although not state-owned, the company was widely perceived abroad as being guaranteed by the state. The refusal by the Italian authorities and public-sector banks to compensate foreign lenders led to severe friction and a partial boycott of Italian borrowers on the Euromarkets.

Some steps to liquidate Federconsorzi's assets are already under way. A conditional offer worth L55bn was accepted for Feditai, the group's milk and dairy products subsidiary, in late December.

Under the strategy now agreed by Federconsorzi's foreign bank lenders, those banks which lent to the company under English law will give their proxies at the January 29 meeting to Banca Nazionale del Lavoro and Istituto Bancario San Paolo di Torino.

However, the foreign banks concerned have not yet revealed how they intend to vote, triggering speculation that the meeting could still prove stormy.

The meeting will establish whether holders of at least two-thirds of Federconsorzi's borrowings approve of the judicial composition procedure. Under the composition rules, Federconsorzi's government-appointed management gained temporary protection from creditors last July.

The meeting this month will determine whether a sufficient number of creditors are prepared to ratify that strategy.

# Triple aim within Matra's European target

**Paul Betts** finds the French group pinning its recovery hopes on a shift in strategy

MR FREDERIC d'Allest, the chief executive of Matra, wants to accelerate what he calls the "Europeanisation" of the French diversified missiles and electronics group while focusing it on three principal core businesses.

"We are no longer looking for diversification. Indeed, we intend to sell some of the business moves made in the past which no longer fit with our strategy," he said in an interview with the Financial Times.

Matra was originally exclusively a defence group specialising in missiles to equip essentially French Dassault military aircraft. It embarked on a sweeping diversification programme in the 1970s which turned it into a defence to watches, electronics and cars conglomerate.

Mr d'Allest now wants the group to concentrate on the three sectors in which it has gained a leading market position: defence and space; telecommunications; transport systems and the Espace family vans it has pioneered in Europe with Renault.

He confirmed Matra intended to withdraw from the electronics car components business by selling its 35 per cent stake in Ufima, the loss-making joint venture 65 per cent controlled by the Italian Fiat group.

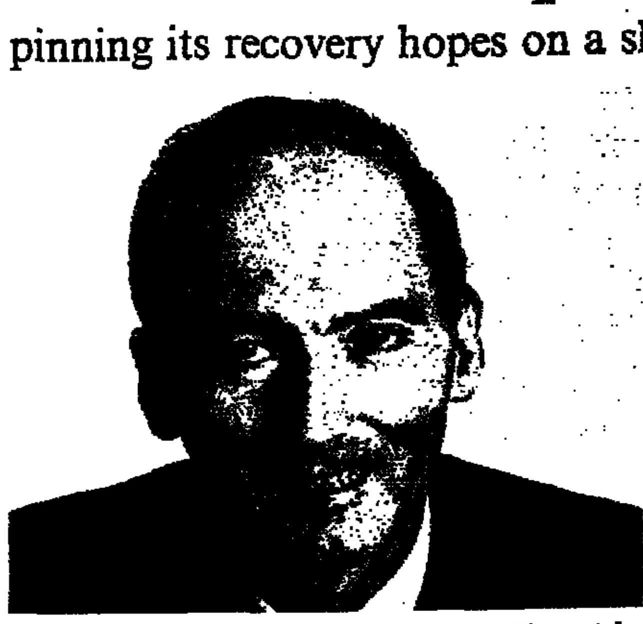
The French company is also looking for a new partner to join its telecommunications activities, whose heavy development costs led it to show a loss in the first half of last year. Mr d'Allest said Matra was particularly anxious to negotiate alliances to strengthen activities in the development of equipment for a pan-European digital mobile telephone network.

Matra wants to expand its telecommunications activities in Europe. But Europe has also become the prime target, together with the Far East, of the company's traditional defence business. Defence still accounts for a quarter of annual sales of nearly FFr25bn ($4.6bn). However, Matra has had to contend with a reduction in French government defence spending and a shrinking market for Dassault military aircraft.

"Our strategy is to look for alliances which will strengthen our market access. Our traditional markets have been France and the Middle East. Now we want to be more active in Europe and in the Pacific Rim," Mr d'Allest explained.

The Matra chief executive believed the missiles business would grow in Europe because the market for new fighters would become tighter, putting greater pressure on refitting existing aircraft with more sophisticated weapons.

Mr d'Allest is opposed to suggestions that Matra's missiles activities be merged with those of Aerospatiale, the state-owned aerospace group,



Frederic d'Allest: confirmed intention to sell Ufima stake

as part of a rationalisation of the French aerospace sector. "This would not provide us with access to new markets and I don't see it improving productivity significantly," he said.

Instead, Matra hopes to expand its market base by co-operating with defence companies in other European countries. It has already formed close links with GEC, and is competing with the UK company for the Ministry of Defence's contract for short-range, air-to-air missiles.

The satellite space business is another area of growth for Matra. Mr d'Allest, the former head of the European Ariane space consortium, confirmed talks to link British Aerospace's space activities with those of the recently-constituted Matra-Marconi Space joint venture between the French company and GEC. Matra is also negotiating with Robert Bosch of Germany to join the new space company.

One of Matra's biggest recent success stories has been the development of the Espace family van with Renault. Matra is currently producing 300 vans a day and in a depressed car market has seen Espace sales increase by 20 per cent last year. Matra's current agreement with Renault runs until the middle 1990s. But the company has already agreed with the French state-owned car-maker to design and produce a new generation of car later in the decade.

Mr d'Allest said Matra also wanted to address other car market segments. "We are looking for one or two other niches," he added. Matra's car operations are currently the most profitable component of the group and account for about 20 per cent of total turnover.

In the mass transit sector, Matra has a strong position with its Val automated urban rail system which the company developed from aerospace-derived engineering. However, the Val has not been profitable up to now although it has sold in France, the US and Taiwan. Mr d'Allest said the Val business broke even last year but Matra is now looking for a more sustained level of profitability from this sector. At the same time, the company is seeking to develop alliances with civil engineering groups to make the Val more profitable.

After a difficult 12 months, Matra expects to see profits recover this year. Operating profits fell from FFr719m to FFr 317m in the first half of 1991.

# Stena Line sees turnround on all operations this year

By **Robert Taylor** in Stockholm

STENA LINE, the Swedish shipping group, expects to make a profit on all operations this year after a pre-tax loss of SKr300m ($52m) in 1991.

In an optimistic statement yesterday about Stena's future Mr Lars Erik Ottosson, chief executive, said that rationalisation measures taken last year, as well as increased loans and credit facilities, had ensured the group "now has a sound and competitive cost structure in all operations".

But he declined to indicate just how large Stena's profit would be this year, pointing out this would not be clear until after the end of the peak summer season which accounts for more than half of annual volume.

Mr Ottosson added that the SKr500m cost savings programme in its ailing Sealink cross-Channel operations had now been carried out satisfactorily, along with a wage freeze until 1993 and closure of the Folkstone-Boulogne route. The investment plans have also been implemented in Sealink, said Mr Ottosson. The aim now was to utilise the additional capacity, he said. For this reason, Stena Line viewed the future in a positive light.

# German insurer to take 3% of Austrian bank

HAMBURG-Mannheimer Versicherungs, Germany's second biggest life insurance group, plans to take a 3 per cent shareholding in one of Austria's biggest banks, Z-Laenderbank Austria, Reuter reports from Vienna.

Hamburg-Mannheimer will pay around DM150m ($94m) for its stake. Germany's Allianz and Muenchener Rueckversicherungs and Sweden's Forsakrings Skandia each hold more than 25 per cent of Hamburg-Mannheimer. Hamburg-Mannheimer's stake can be viewed as a strategic, developing an existing partnership in the insurance industry.

# Banco Popular advances to trail-blazing Pta49bn

By **Peter Bruce** in Madrid

BANCO POPULAR, the smallest of Spain's national commercial banks, yesterday reported net profits of Pta49.7bn ($494m) for last year, a 15 per cent rise on 1990 and what will probably prove to be one of the best bank performances of 1991.

Popular, which is regularly rated as the world's most profitable bank and has just been chosen by Euromoney magazine as the world's best managed, improved its return on average assets last year to 2.01 per cent from 1.87 per cent in 1990.

The bank reported a 17 per cent increase in fee income, reflecting a general move among big Spanish banks away from their traditional retail strongholds.

Despite a near doubling of bad debt provisions, to Pta18.2bn, the bank improved cash flow by 7.7 per cent to Pta112.2bn.

● Spain's Banco Central Hispanoamericano has reached a deal with Catalan bank La Caixa to sell its majority stake in property group Inmobiliaria Colonial, according to the Spanish stock market commission. BCH controls 68.8 per cent of Colonial.

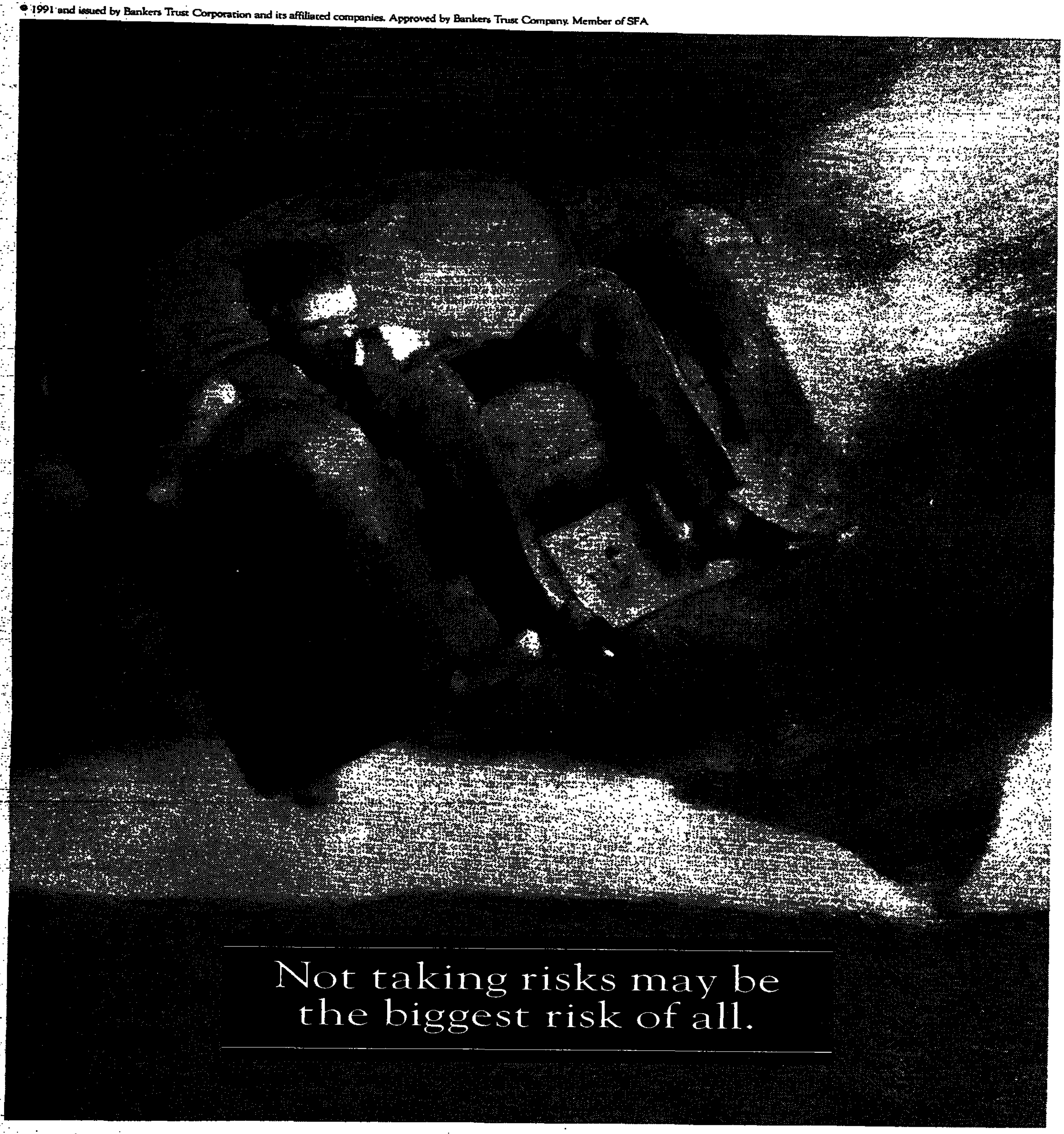


Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

| 1/2 hour period ending | Provisional Price for Trading on 15.01.92: Pool purchase price £/MWh | Final Prices for Trading on 13.01.92: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 17.25 | 17.72 | 17.72 |
| 0100 | 19.31 | 19.92 | 22.04 |
| 0130 | 28.00 | 22.00 | 24.18 |
| 0200 | 28.00 | 22.00 | 24.16 |
| 0230 | 19.53 | 19.92 | 22.02 |
| 0300 | 19.53 | 19.92 | 22.02 |
| 0330 | 19.53 | 19.86 | 21.95 |
| 0400 | 17.19 | 17.61 | 17.61 |
| 0430 | 17.17 | 17.51 | 17.51 |
| 0500 | 17.17 | 17.51 | 17.51 |
| 0530 | 17.17 | 17.45 | 17.45 |
| 0600 | 17.17 | 17.45 | 17.45 |
| 0630 | 17.17 | 17.36 | 17.36 |
| 0700 | 19.73 | 18.94 | 21.02 |
| 0730 | 19.51 | 19.49 | 21.69 |
| 0800 | 20.00 | 20.27 | 22.41 |
| 0830 | 20.01 | 20.73 | 22.88 |
| 0900 | 20.08 | 21.10 | 23.27 |
| 0930 | 20.88 | 23.28 | 25.53 |
| 1000 | 24.80 | 23.30 | 25.56 |
| 1030 | 24.79 | 23.28 | 25.53 |
| 1100 | 24.78 | 23.25 | 25.50 |
| 1130 | 24.77 | 23.27 | 25.53 |
| 1200 | 20.38 | 23.30 | 25.56 |
| 1230 | 24.75 | 23.28 | 25.53 |
| 1300 | 24.74 | 23.23 | 25.46 |
| 1330 | 20.34 | 21.04 | 23.18 |
| 1400 | 17.70 | 20.83 | 22.76 |
| 1430 | 17.58 | 20.71 | 22.84 |
| 1500 | 17.58 | 20.72 | 22.85 |
| 1530 | 17.65 | 20.53 | 22.69 |
| 1600 | 17.78 | 35.60 | 41.74 |
| 1630 | 31.37 | 115.19 | 139.54 |
| 1700 | 50.83 | 211.88 | 248.46 |
| 1730 | 56.12 | 229.11 | 283.34 |
| 1800 | 50.35 | 161.71 | 187.61 |
| 1830 | 33.26 | 66.24 | 77.00 |
| 1900 | 23.49 | 34.32 | 38.06 |
| 1930 | 22.42 | 24.42 | 27.04 |
| 2000 | 22.32 | 22.82 | 25.14 |
| 2030 | 20.38 | 20.45 | 22.55 |
| 2100 | 19.79 | 20.44 | 22.54 |
| 2130 | 19.56 | 20.18 | 22.28 |
| 2200 | 19.56 | 19.69 | 21.99 |
| 2230 | 19.56 | 19.73 | 21.83 |
| 2300 | 17.19 | 17.45 | 17.45 |
| 2330 | 17.15 | 17.36 | 17.36 |
| 2400 | 17.15 | 17.36 | 17.36 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined, approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited


Not taking risks may be
the biggest risk of all.

# Primerica posts record $132.1m quarterly profit

By Patrick Harverson in New York

PRIMERICA, the US financial services group, yesterday announced record fourth-quarter earnings of $132.1m, due primarily to another strong contribution from Smith Barney, its Wall Street broking subsidiary.

The buoyant final quarter took Primerica's full-year earnings to $478.8m, well up on the $372.9m booked in 1990.

Breaking all previous records in the firm's 118-year history, Smith Barney's $49.8m profit in the fourth quarter and its $152.4m in the full 12 months were achieved on the back of bullish domestic equity markets, big increases in new stock issues and increased market participation by individual investors.

Within the broking firm, the biggest improvements were recorded in investment banking, retail and institutional commissions, principal trading, and asset management fees. At the same time, profit margins were boosted by reductions in fixed expenses.

The insurance unit, Primerica Financial Services, suffered a decline in earnings, which dropped 15 per cent to $41.8m in the quarter, although full-year profits actually increased slightly to $174.6m.

More worryingly, sales of new life insurance fell in the quarter and in the year.

Earnings from the consumer services businesses increased slightly to $45.2m in the quarter. Annual earnings from the consumer lending and direct marketing divisions, however, were $175m, well up on the $153.5m posted in 1990.

Primerica's figures were well received on Wall Street, with the group's share price rising $1⅞ to $40 on the New York Stock Exchange.

# Charges expected to bring losses at A&A

By Nikki Tait

ALEXANDER & Alexander, the world's second largest insurance broker, said it expected to make losses in the fourth quarter and 1991 overall after taking a $75m charge to cover restructuring and asset write-downs.

The company said it planned to sell certain "non-core operations" during the first three months of 1992, including a non-broking business in the Netherlands and a Florida operation that administers workers' compensation self-insurer funds.

It said the sales should generate about $57m, reducing to about $40m after tax.

A&A, which has seen net profits slide from $34.9m to $24.8m in the first three quarters of 1991, said more than half the special charge relates to restructuring costs. This principally affects the US operations, where the company has the largest concentration of offices at present.

The company said it planned to divide offices into three main categories: those handling global accounts, which would be concentrated in 16 cities; regional centres which would look after small commercial business; and "middle market" offices, concentrating on national and regional business, and focusing on certain specialised areas such as health care and energy.

It declined to say how many jobs would be affected, but suggested that this should not exceed the rate of job losses seen over the past three years – about 400 a year. The company said that it was maintaining its regular quarterly dividend at 25 cents a share.

A&A has had a particularly painful year, with flat commissions, a slow turn in the property/casualty cycle, and declining investment income. Cost-containment has, therefore, become a high priority.

# Implant-maker moves to calm investor fears

A LONG-STANDING controversy over the safety of silicone breast implants has turned into a public furore across the US this week, frightening thousands of women patients and casting a financial shadow over the leading manufacturer of the device, Dow Corning Corporation, writes Martin Dickson in New York.

The row heated up last week when the US Food and Drug Administration ordered a moratorium on the use of silicone breast implants until new information on their safety could be assessed. And it grew to fever pitch this week when US newspapers disclosed company documents which, they alleged, suggested Dow Corning had rushed breast impacts to market without sufficient safety tests.

The implants are used in plastic surgery to enlarge a woman's breasts for cosmetic reasons or to replace breasts lost to cancer. Critics claim that silicone can leak from the implants and migrate to other parts of the body, causing complications.

Dow Corning, a 50-50 joint venture between Corning, the glass products manufacturer, and Dow Chemical, the large chemicals group, has strongly denied the allegations. Yet mounting stock market concern has led to a 16 per cent drop in Corning's share price since Monday morning, prompting Mr Jamie Houghton, the company's chairman, to issue a statement yesterday claiming that investors were "grossly over-reacting".

However, investors fear that the latest controversy over Dow Corning's role in the development of the implant business could open the floodgates to hundreds of product liability lawsuits, embroiling the company and its parents for years in costly litigation.

An estimated 2m women worldwide have received breast implants over the past 30 years, more than 1m of them in the US, and Dow Corning is by far the largest American manufacturer. Others producers include McGhan Medical, Mentor and Bioplasty.

Dow Corning has already had a foretaste of the potential problems: last month, a jury in San Francisco awarded $7.34m in damages against the company to a woman who alleged that ruptures in her breast implants were linked to an auto-immune disease. Dow Corning is appealing against the judgment, pointing out that two of the plaintiff's doctors said in court that her disease preceded the implants. However, the jury said Dow Corning fraudulently failed to disclose the risks of implants.

The plaintiff's case relied heavily on internal Dow Corning documents dating back to the 1970s, when silicone implants were being developed, which appeared to show a lively debate within the company over the safety of the devices. The documents appear to have played a role in last week's FDA's moratorium, which came as a surprise, since the agency had been expected to follow an advisory panel recommendation last November to leave silicon implants on the market.

The controversy intensified this week when US newspapers, notably the New York Times and Wall Street Journal, published summaries of the internal documents and claimed these suggested Dow Corning may have rushed the product to market without adequate tests. However, Mr Robert Rylee, chief of the company's health care business, hit back, claiming that the reports were a mis-characterisation of the facts, that internal company memos were not science, and "the cumulative body of credible scientific evidence shows that implants are safe and effective".

The next crucial point is likely to come in February, when the FDA is expected to follow up its 45-day moratorium with fresh recommendations.

Meanwhile, Dow Corning announced yesterday that it had shut down its silicone implant production lines in the US and was taking a $25m pre-tax charge in the fourth quarter to cover the costs of the controversy. It also pointed out that the breast implant business covered only 1 per cent of the company's 1990 sales of $1.7bn, much of which involves chemicals with a wide variety of uses.

At parent Corning, Mr Houghton said he expected that the row would have no significant impact on the group's long-term performance.

The market, however, was yesterday in no mood to believe him. Corning's share price stood at $66¼ at midday, down $2½ on top of Monday's $10⅞ slump. Dow Chemical, which fell only $⅝, to $55⅞, on Monday, also lost $2⅛ yesterday morning. Analysts said Dow's share price had been hit far less because it is a much larger company than Corning, with annual sales of $19bn compared with $3bn, and because Corning, having enjoyed a strong rally in recent months, was vulnerable to a correction.

Amid all the flying accusations, those suffering most are the women who have undergone breast implants. The American Society of Plastic and Reconstructive Surgeons says its members have been flooded by calls from frightened patients, but they have been unable to fully address these fears because they have not been given access to the FDA's new safety information. For all concerned, some very uncomfortable weeks still lie ahead.

# Earnings set-back at Hilton Hotels

By Nikki Tait in New York

THE SLUMP in the US hotel and leisure industries was underlined yesterday when Hilton Hotels, one of the leading lodging and gaming groups, reported a 25 per cent reduction in 1991 profits to $84.3m after tax.

In the final quarter, Hilton made $29.6m after tax, compared with $27.3m in the same period of 1990. However, the apparent improvement was due to the absence of a $10m property provision. At the operating level, profits fell by 18 per cent to $56.3m.

Hilton said that recession and the continued over-supply of hotel space had "severely impacted" operations for the year.

Occupancy levels were down from 68 per cent in 1990 to 64 per cent last year, while average room rates remained unchanged.

During the 12-month period, gaming profits fell by 12 per cent to $115m, and hotel profits by a sharper 23 per cent, to $92.9m. Revenues overall were $1.11bn ($1.12bn).

However, in the fourth quarter it was the gaming side which saw the sharpest setback. Operating income from hotels improved, from $27.3m to $31.7m, while the Nevada-based gaming operations turned in only $26.4m, compared with a record $48.4m in the last quarter of 1990.

Mr Barron Hilton, chairman, suggested that the Las Vegas Hilton had seen a particularly noticeable reduction in volume and profits last year, with a reduced level of premium play, a lower win percentage, and an increase in bad debts.

He remained ambivalent about prospects ahead, saying that "the timing of an economic recovery remains uncertain."

Hilton shares gained ⅛ to $41⅞ before the close.

# MGM-Pathé incurs deficit of $233.2m

MGM-PATHE Communications, the financially troubled Hollywood studio controlled by Crédit Lyonnais, the French state bank, unveiled a $233.2m net loss for the 39-week period to September 28, writes Alan Friedman.

The loss, struck on 47 per cent higher revenues of $703m, compares with a $65.2m loss in the nine-month period to August 28 1990.

● Mr Giancarlo Parretti, the former MGM chairman, was released from an Italian prison last week after being held on various tax and fraud allegations.

● Mr Gary Lieberthal, chairman of the television division of Sony's Columbia Pictures, has announced his departure.

A successor has not yet been named.

# Promotion at McDonald's

By Barbara Durr in Chicago

MCDONALD'S, the world's largest fast-food company, announced that Mr Jack Greenberg, its chief financial officer, has been promoted to vice-chairman. He will continue as chief financial officer and as a director.

He joined the company in 1982. The chairman, Mr Michael Quinlan, said Mr Greenberg had, during the past 18 months, put "even more ketchup in his veins" – the highest compliment that can be given in McDonald's corporate culture.

Mr Greenberg has worked in all facets of the restaurant business.

He is expected to shoulder responsibilities in legal issues, government relations, insurance, licensing, personnel, purchasing, real estate and construction, in addition to duties on tax and treasury matters and investor relations and corporate communications.

The company, which now has 12,000 restaurants in 59 countries, has been struggling against increased competition in the US domestic market. Sales in its foreign restaurants have been posting double-digit increases, helping to boost overall results.

For the first nine months last year, net income rose 7 per cent to $659.2m, compared with the same period in 1990.

# Colgate polishes its performance

## Mr Reuben Mark, the company's chairman, talks to Martin Dickson

IT HAS been a very busy few months for Mr Reuben Mark, chairman of Colgate-Palmolive, the US consumer products business best known for its Colgate toothpaste and Palmolive soap.

In quick succession, the company has announced plans to close or reconfigure 25 of its 91 factories around the globe; has made the first public offering of stock in its history; has unveiled plans to enter the vast Chinese market and bolster its position in eastern Europe; and has made a small but significant acquisition in the the oral health care field.

There are rumours on Wall Street that it may be considering another, larger takeover.

All this is a far cry from the mid-1980s when Colgate itself was seen as a potential candidate for a bid, having some excellent brand names but a reputation for stodgy bureaucracy and lacklustre results. The 186-year-old company had lost its way in the 1970s when it diversified into unrelated fields, such as sporting goods and food.

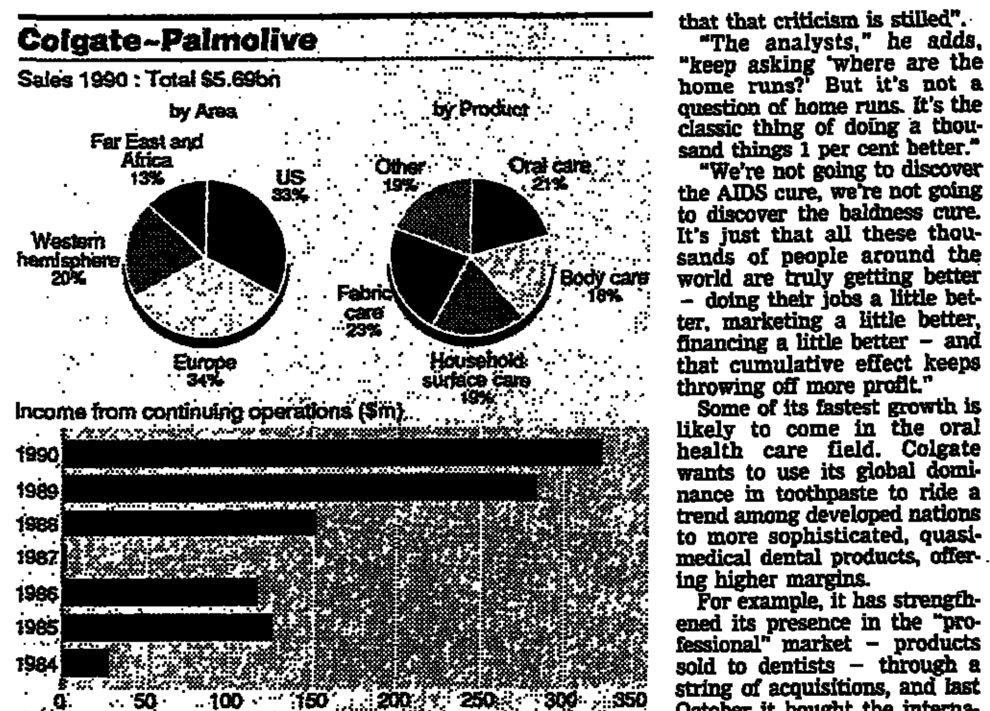
However, a bid never materialised and, in the seven years since he took over as chief executive, Mr Mark has transformed Colgate into a much leaner, more focused and profitable company.

Although the performance has impressed Wall Street, analysts suggest just as hard a test may yet be to come, as the company faces intensified competition around the world from the Anglo-Dutch Unilever and America's Procter & Gamble, which are much larger than Colgate and have reputations for greater aggression.

Aged 53, Mr Mark has been with Colgate throughout his 28-year career since gaining a Harvard MBA. Yet he seems remarkably untouched by the stuffiness which can afflict senior executives in global organisations.

He has a disarmingly informal style and irreverent sense of humour, and wears what is left of his hair distinctly longer than the conventional businessman. His interests include a non-executive directorship at Pearson, the British company which owns the Financial Times.

The revolution at Colgate in the second half of the 1980s involved getting out of unprofitable businesses and focusing on just five areas.




Four of them have a natural fit: oral care, where it is the world toothpaste leader, with a market share of over 40 per cent; body care, mainly through the Palmolive brand name; household surface care, led by the Ajax brand; and fabric care. The fifth, prescription food for pets, just happens to have very high margins and be growing strongly.

The company's gross profit margins leapt from 39.2 per cent in 1984 to 45.2 per cent in 1990, while return on sales rose from 3.2 per cent to 5.6 per cent, helped by the closure of inefficient factories, a greater emphasis on high margin products, and simplification of Colgate's structure.

Just over a year ago, Mr Mark outlined an ambitious set of goals for 1991-1995, including 13 to 19 per cent annual increases in earnings per share, on top of a 17 per cent annual rise over the past six.

That is to be achieved through strong volume growth, focusing on higher-margin products, further cost-cutting (such as the current plant rationalisation) and making the company's culture more entrepreneurial - a complex task, given its far-flung global nature.

Many Wall Street analysts argue that Colgate has been more successful over the past few years at rationalising the business than growing it. They say that to achieve these targets, it needs more new product introductions and a more powerful marketing punch, particularly in the US.

MR Mark dismisses this as so much "bull". US analysts, he argues, tend to focus too much on the US – where Colgate is usually overshadowed by P&G – a market which only makes up a third of the group's sales. They do not look closely enough at the strengths of its global marketing network.

He points out that Colgate's share of the world toothpaste market has grown from 29 to 43 per cent over the past decade. The only field in which it has lost market share – the cut-throat detergents business – has been the result of a deliberate and successful plan to boost profits.

In the US, moreover, the company is launching a range of new products, "so I think you will find by the end of 1992 that that criticism is stilled".

"The analysts," he adds, "keep asking 'where are the home runs?' But it's not a question of home runs. It's the classic thing of doing a thousand things 1 per cent better."

"We're not going to discover the AIDS cure, we're not going to discover the baldness cure. It's just that all these thousands of people around the world are truly getting better – doing their jobs a little better, marketing a little better, financing a little better – and that cumulative effect keeps throwing off more profit."

Some of its fastest growth is likely to come in the oral health care field. Colgate wants to use its global dominance in toothpaste to ride a trend among developed nations to more sophisticated, quasi-medical dental products, offering higher margins.

For example, it has strengthened its presence in the "professional" market – products sold to dentists – through a string of acquisitions, and last October it bought the international business of Plax, the anti-plaque mouthwash business, which claims to be the market leader outside the US.

It will also continue the painstaking task of building brand loyalty in the developing world, where it spends some $20m a year on dental education. The world oral care market, says Mr Mark, is far from mature, with demand growing by between 4 and 6 per cent a year in the developing world, and about double that in the West.

Last November's stock offering, which raised some $400m, brings the company's debt-to-capital ratio down from around 51 per cent to 35 per cent. This, Mr Mark says, is "a little on the low side, but we want to have a little reserve capacity to do what we think is right".

Wall Street expects that to include more takeovers. Mr Mark will not be drawn, but stresses any future acquisitions will only be in core businesses and will either help give global dominance in a key business or give critical mass to a local company.

He says: "You will not see a bet-the-bank acquisition at Colgate. . . things are going well, so there's no need to bet the bank".

# Landlords threaten retailer with bankruptcy

By Bernard Simon in Toronto

FIVE OF Canada's largest shopping mall landlords have threatened to force Grafton-Fraser, a leading clothing retail group, into bankruptcy following a court order protecting Grafton from its creditors.

The action reflects the growing strains between retailers and landlords throughout North America caused by the protracted slump in consumer spending. According to one Toronto real estate expert, shopping centres are facing growing demands from hard-pressed tenants to renegotiate or delay rent payments.

Grafton, which is suffering heavy losses, was granted a court order last month protecting it from its creditors while it restructures its business. The company is closing 107 of its 241 stores.

An action by the landlords seeking to overturn the court order and put Grafton into bankruptcy is scheduled to be heard on January 23.

Grafton is continuing to pay rent on its stores. But a senior executive of one of the landlord companies expressed concern yesterday at the growing tendency among retailers to use a restructuring as an opportunity to "cherry pick" among shopping mall locations.

The landlords fear that retailers will, in this way, seriously undermine the viability of some marginally profitable shopping centres.

He noted that some landlords borrowed heavily and provided generous inducements to persuade retailers to move into new malls during the mid and late-1980s. The landlords making the application against Grafton include Cambridge Shopping Centres, Cadillac Fairview, Marathon Realty and Trilea Centres.

Mr John Hick, Grafton's president said the company would strongly resist the landlords' move. He said that if the landlords succeeded with their motion, any possibility of a restructuring to save jobs and stores would be lost.

# A pariah that recharged its batteries after gas disaster

## Gita Piramal examines Union Carbide India

MR VIJAY GOKHALE, head of Union Carbide India (UCIL), goes to extraordinary lengths to distance his group's name from the Ever Ready batteries that it produces.

This is his strategy to protect the income of the group, which become a pariah overnight after the Bhopal gas disaster which killed more than 3,000 people and injured 200,000 in December 1984. In spite of seven years of public UCIL-bashing, the batteries continue to sell as briskly as ever.

Significantly, in an industry where three leading players have closed down, UCIL has managed to maintain sales growth and its market share of about 42 per cent.

The results of the latest six months have been particularly good. Sales rose sharply by 23 per cent to Rs1.36bn ($53.3m), while gross profit moved up by 8 per cent to Rs950,000.

"We would have done even better if our factory in Kashmir had been working. We sell everything we produce," says Mr Utpal Basu, finance director.

This factory, which accounts for 29 per cent of UCIL's battery production capacity, has been closed for the past 20 months because of local law and order problems.

UCIL has a total of 10 factories in India and a subsidiary in Nepal, producing 504m batteries annually, as well as battery intermediates and battery-related products such as torches.

Even more significantly, the sales growth was in spite of a directive – never officially stated – banning UCIL advertisements on all government-controlled media.

"We used to be big radio advertisers. After Bhopal, we found it difficult to get our advertisements accepted. So we decided to keep low, trim our ad budget, and pay more attention to rural markets," says Mr Kishore Hattangadi, corporate communications manager.

Today, barely 40 per cent of UCIL's sales are in urban areas.

Another outcome of the disaster is that every UCIL application for modernisation, new projects or expansion has been turned down. Money became tight for the company, with banks wary of lending to a concern which did not know what liabilities would arise from the disaster. With these problems, UCIL needed to take on additional talented managers, but because of its image recruitment was extremely difficult.

Perhaps inevitably, this experience has left UCIL a trimmer and fitter company. Internal communications are swifter, the management of working capital tighter, and productivity higher.

Moreover, UCIL has shed more than 2,000 workers from its over-staffed payroll since 1984. Today, it employs 6,460 people. Over 1,000 dropped out when UCIL sold its petrochemical business in 1988 and a substantial number accepted voluntary retirement schemes.

Mr Gokhale, who is chairman and chief executive, says proudly: "We have not had a major strike since 1984." However, recent labour problems, aggravated by a politically-charged atmosphere at UCIL's Calcutta plant, may mar this record.

Except for this one problem, there is a strong sense of optimism at UCIL's Bombay headquarters. "We survived and . . . we are back in business," says Mr Gokhale.

"We would like to lease the closed facilities of former competitors. Software is emerging as a sunrise business, and we would like to enter this field. Building components is another area we are looking at," he explains.

His enthusiasm may be premature. The October 1991 Indian Supreme Court judgment rejecting appeals that UCIL increase the $470m settlement reached in 1989 – but lifting criminal immunity – may have closed the first chapter. However, the Indian government has since reopened the case for criminal liability and the Bhopal High Court wants Mr Warren Anderson, president of Union Carbide of the US, to appear before it on February 1 this year.

Government permissions may therefore continue to be elusive. Aware of this, Mr Gokhale perseveres in brushing the dust off old project reports.

It is the same spirit which enabled him unflinchingly to head a company responsible for the deaths of thousands, meet hostile journalists head-on and support UCIL's demoralised employees.

# Ford pays up to $6bn in rebates

FORD Motor of the US paid out $5bn to $6bn in consumer and dealer rebates last year, up from $4bn in 1990, said Mr Allan Gilmour, head of Ford's worldwide auto operation, AP-DJ reports.

In 1991, Ford paid out 16 per cent of its revenues in marketing costs, including rebates, as well as advertising and promotional costs, said Mr Gilmour, an executive vice-president at Ford.

Before the heavy incentives in recent years, Ford's marketing costs usually ran at about 5 per cent to 6 per cent of revenues, he said.

The situation is even worse in Britain, where Ford paid out 20 per cent of its revenues in marketing costs last year.

# Cerus sells fund management arm

By Haig Simonian in Milan

CERUS, the French holding company controlled by Mr Carlo De Benedetti, has sold Banque Duménil Leblé (Suisse), its majority-owned Geneva-based fund management arm, to Banque Worms de Financement et d'Investissement (BWFI), the Swiss subsidiary of Banque Worms of France.

Banque Duménil Leblé (Suisse) sprang to fame last August following claims that it had been the subject of a highly complex attempted fraud involving L100bn ($83.75m) of Italian shares.

Despite continuing investigations by Swiss and Italian authorities, the case of the allegedly "missing" shares has not yet been resolved. Court action by Banque Duménil Leblé (Suisse) is also still pending.

The sale of the bank's fund management activities will not affect those actions, as a small rump of the bank, covering corporate finance business, will remain.

Nor will the sale affect the L100bn guarantee promised by Banque Duménil Leblé, the bank's French parent company.

The acquisition will roughly triple the size of the funds managed by BWFI, which is thought to have had between SFr300 and SFr400m ($283.6m) under management before the deal. No price for the transaction has been disclosed.

However, an official in Milan said BWFI had made a payment in respect of both the funds under management and goodwill.

● Fiat Auto, the car-making division of the Fiat group, will show a profit in 1991, according to managing director Mr Paolo Cantarella.

He said the poor performance of the British, French and Spanish car markets in 1991 was offset by gains in the German market, which had expanded after reunification.

However, the outlook for 1992 depended on the recovery in markets that showed a weak performance last year.

# Ames group files plan for reorganisation

AMES DEPARTMENT Stores, the US discount stores group which went into bankruptcy almost two years ago, has filed an "all equity" reorganisation plan, writes Nikki Tait.

The scheme envisages that Ames's creditors would exchange their claims for $352.5m in cash, plus stock in the reorganised company.

Unlike many bankrupt companies, Ames does not plan to issue new debt securities as part of the reorganisation attempt. Senior creditors will finish with about 47.1 per cent of the equity, general unsecured creditors with about 45.7 per cent and bondholders with 7.2 per cent.

Making various assumptions about the value of the company's new shares, the scheme is reckoned to give senior creditors about 64 cents on the dollar and unsecured creditors about 39 cents on the dollar.

Total estimated claims against Ames, when the company filed for bankruptcy in April 1990, were put at $1.6bn. Ames has pruned its operations sharply, closing over 300 outlets.

The plan received a conditional endorsement from unsecured creditors. But the company added that it was contingent on the successful negotiation of a new $200m seasonal working capital facility, to replace Chemical Bank's revolving credit line.

# Chase Manhattan submits bid for troubled NY thrift

CHASE Manhattan, the US money centre bank, has submitted a bid to acquire insolvent Crossland Savings, a troubled New York thrift, said Mr Michael Esposito Chase, chief financial officer, Reuter reports.

"We have submitted a bid," he said. "It would be a pick-up of core deposits if we are successful."

Last summer, regulators said they were trying to sell Crossland, and a deal is expected to be announced soon.

Republic New York has said it would be interested but has not said if it has bid for Crossland, which was hurt by real estate loans.

Turning to the bank's performance, he said that, over the next quarter or two, Chase would "probably run a fairly high provision" for loan losses, but he hoped there would be some tapering-off after that.

Mr Esposito said he hoped the provisions for loan losses would not be in excess of the fourth quarter's $315m.

He stressed that problem commercial real estate continued to be a drag on Chase's earnings.

In the fourth quarter, he said, Chase saw the first decline in commercial real estate problems in six quarters.

"We have seen quite a bit of moderation here. It looks like we are working through this difficult situation . . . we're starting to think we are seeing the light at the end of the tunnel."

Mr Esposito said that Chase had strong trading revenues in the fourth quarter and sees those continuing into the first quarter.

In foreign exchange trading and trade in such instruments as derivatives, Chase had a "very good" quarter, "and that is continuing into the first quarter".

Mr Esposito said Chase's consumer banking operations earned $450m in 1991, and "we are looking for an improvement in all our consumer businesses in 1992".

He added that among the consumer areas that ought to have better results in 1992 were credit cards and mortgage servicing. Private banking is also expected to do better.

## INTERNATIONAL CAPITAL MARKETS

# Treasuries fall as hopes of cut in interest rate fade

By Patrick Harverson in New York and Sara Webb in London

THE SELL-OFF in the US bond market continued unabated yesterday morning, despite a set of weaker-than-expected retail sales data.

By midday, the benchmark 30-year government bond was down ⅜ at 105⅜, yielding 7.543 per cent. The two-year note was also weaker at midsession, down ⅛ at 100, and yielding 4.982 per cent.

News of a 0.4 per cent decline in December retail sales, and a totally unexpected revision in November sales – down from an initial rise of 0.3 per cent to a drop of 0.5 per cent – should have provided a boost to the market.

The fact that it did not, was the result of two factors: faded hopes of another interest rate cut from the Federal Reserve; and persistent profit-taking as players continued to sell into the recent rally.

In the credit markets, the Fed performed two-day matched sales just before midday in an attempt to push the Fed funds rate higher. After the matched sales, the rate – which has been depressed in recent days because of an excess of funds in the system – firmed slightly from 3⅞ per cent to 3¹⁵⁄₁₆ per cent, but still just below the Fed's target of 4 per cent.

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 12.000 | 11/01 | 114.0853 | +0.259 | 8.74 | 8.26 | 9.89 |
| BELGIUM | | 9.000 | 08/01 | 101.8500 | +0.050 | 8.69 | 8.74 | 9.07 |
| CANADA * | | 8.500 | 04/02 | 102.8000 | -0.800 | 8.09 | 7.93 | 8.47 |
| DENMARK | | 9.000 | 11/00 | 102.7750 | +0.075 | 8.53 | 8.61 | 8.86 |
| FRANCE | BTAN | 8.500 | 11/96 | 98.9896 | +0.057 | 8.75 | 8.89 | 9.08 |
| | OAT | 9.500 | 01/01 | 105.4100 | +0.160 | 8.45 | 8.53 | 8.76 |
| GERMANY | | 8.25 | 09/01 | 102.1200 | +0.280 | 7.92 | 8.01 | 8.24 |
| ITALY | | 12.000 | 08/01 | 98.2000 | +0.110 | 12.32 | 12.44 | 12.54 |
| JAPAN | No 119 | 4.800 | 06/99 | 95.9010 | +0.103 | 5.68 | 5.54 | 5.95 |
| | No 129 | 6.400 | 03/00 | 105.0064 | +0.089 | 5.34 | 5.27 | 5.83 |
| NETHERLANDS | | 8.500 | 03/01 | 100.6500 | +0.080 | 8.39 | 8.44 | 8.72 |
| SPAIN | | 11.900 | 07/96 | 101.4500 | +0.050 | 11.40 | 11.65 | 11.87 |
| UK GILTS | | 10.000 | 11/96 | 100-28 | +5/32 | 9.78 | 9.76 | 9.64 |
| | | 10.000 | 02/01 | 102-05 | +6/32 | 9.64 | 9.53 | 9.57 |
| | | 9.000 | 10/08 | 97-13 | +13/32 | 9.31 | 9.26 | 9.35 |
| US TREASURY * | | 7.500 | 11/01 | 103-21 | -4/32 | 6.98 | 6.78 | 7.20 |
| | | 8.000 | 11/21 | 105-20 | -5/32 | 7.52 | 7.43 | 7.75 |

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

## GOVERNMENT BONDS

The news that UK producer output price growth slowed in December was seen in the market as a sign of falling underlying inflation. Output prices rose 0.1 per cent on the month and 5 per cent year-on-year, compared with November's 0.4 per cent monthly rise and 5.1 per cent year-on-year increase.

■ UK government bonds gained up to half a point yesterday, boosted by positive inflation news and sterling's strengthening against the D-Mark.

Short-dated gilts rose by about a quarter of a point as the pound strengthened to 2.844 against the D-Mark. The 10 per cent gilt due 1994 increased from 100¼ to 100¹¹⁄₁₆, while among long-dated issues the benchmark 11¾ per cent gilt due 2003/07 rose from 114¹⁵⁄₁₆ to 115 by late afternoon. The Liffe gilt futures contract rallied from its opening of 96.14 to 96.28. Other factors which helped to lift gilt prices included the rise in German government bonds and rumours that an opinion poll due to be released today would show the Labour party's lead over the Conservative party had fallen to one point.

■ STRONG demand for 10-year German government bonds pushed bund prices up yesterday as traders noted demand from central banks and fund managers.

The Liffe bund futures contract rose from its opening of 87.94 to close just below the high of the day of 88.29.

■ JAPANESE government bond prices firmed yesterday afternoon on news that central bankers at a Bank for International Settlements meeting agreed to accept the yen's appreciation.

The news report appeared in the Japanese economic daily Nihon Keizai Shimbun and helped to push the yield on the benchmark No 129 from 5.37 per cent to close at 5.35 per cent in Tokyo.

The dollar finished at Y126.05, lower than Y127.00 in New York late on Monday.

# Philippines in investment fund talks

THE Philippines is negotiating with multilateral lending agencies and foreign governments to create a $100m investment fund for private companies carrying out projects under the country's build-operate-transfer (Bot) scheme, Reuter reports from Manila.

Under the Bot scheme, private investors undertake capital-intensive infrastructure projects, turning them over to the government later.

The planned revolving credit facility would fund 20 per cent to 30 per cent of the total cost of a project, said Mr Rogelio Singson, director of the committee overseeing the Philippine Assistance Programme.

"It will send a clear message the government is behind the Bot programme," he said. The fund, to be run by state-owned Development Bank of the Philippines, is meant to be in place by the second half of 1992, he said.

Manila has approached the World Bank, International Finance Corp, the Asian Development Bank and the US and Japanese governments for funding, he said. Guidelines for the programme were expected by June.

The Philippines is encouraging the Bot programme due to a lack of government resources.

"One of the ways of minimising the load is for the government to allow private investments in infrastructure projects," Mr Jesus Estanislao, finance secretary, told a forum on Bot and privatisation.

### FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on January 14

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN 9 1/8 94 | 200 | 106⅝ | 107⅛ | | 6.20 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 109¾ | 110⅛ | -⅛ | 6.38 |
| AUSTRIA 8 1/2 00 | 400 | 107 | 107⅜ | -⅛ | 7.32 |
| BANK OF TOKYO 8 3/8 96 | 100 | 105¼ | 105¾ | -⅛ | 6.92 |
| BELGIUM 9 5/8 98 | 250 | 111⅞ | 112⅛ | -⅛ | 7.25 |
| BFCE 7 3/4 97 | 150 | 103⅞ | 104⅛ | -⅛ | 6.82 |
| BRP 8 5/8 94 | 300 | 106⅝ | 107⅛ | | 5.46 |
| BRITISH GAS 8 3/8 99 | 350 | 106 | 106¼ | -⅛ | 7.31 |
| CANADA 9 96 | 1000 | 109⅜ | 110⅛ | -⅛ | 6.27 |
| CARGILL 9 1/4 95 | 650 | 102⅞ | 103⅜ | -1¼ | 8.48 |
| CCCE 9 1/4 95 | 300 | 109⅛ | 109⅝ | -⅛ | 5.92 |
| COUNCIL EUROPE 8 96 | 100 | 105½ | 106 | | 6.55 |
| CREDIT FONCIER 9 1/2 99 | 300 | 111⅞ | 111¾ | -⅛ | 7.36 |
| DENMARK 8 1/4 94 | 150 | 106 | 106⅜ | -⅛ | 5.67 |
| DENMARK 9 1/4 95 | 1571 | 109⅛ | 109⅝ | | 5.92 |
| ECSC 8 1/4 96 | 193 | 106⅝ | 107⅛ | | 6.58 |
| EEC 8 1/4 96 | 100 | 106⅛ | 106⅝ | -⅛ | 6.56 |
| EIB 7 3/4 96 | 250 | 104⅞ | 105⅛ | | 6.48 |
| EIB 9 1/4 97 | 1000 | 110⅞ | 111⅛ | -⅛ | 6.91 |
| ELEC DE FRANCE 9 98 | 200 | 109 | 109½ | -⅛ | 7.14 |
| EURO CRED CARD TST 9 94 | 325 | 105⅛ | 105⅝ | +⅛ | 6.87 |
| EUROFIMA 9 1/4 96 | 100 | 108⅞ | 109⅛ | -⅛ | 6.72 |
| EXPORT DEV CORP 9 1/2 98 | 150 | 112⅛ | 112 | -⅛ | 7.21 |
| FINLAND 7 7/8 97 | 200 | 103⅞ | 104⅛ | -⅛ | 7.08 |
| FINNISH EXPORT 9 3/8 95 | 200 | 109⅞ | 110⅛ | | 6.38 |
| FORD CAPITAL 9 3/4 97 | 250 | 106 | 106⅜ | -⅛ | 8.30 |
| GEN ELEC CAPITAL 9 3/8 96 | 300 | 108⅞ | 109⅛ | -⅛ | 6.95 |
| GMAC 9 1/8 96 | 200 | 104⅛ | 104⅝ | -⅛ | 7.87 |
| GUINNESS FINANCE 8 94 | 200 | 104½ | 105 | -⅛ | 5.98 |
| IBM INTL FIN 7 3/4 94 | 200 | 104¼ | 104⅝ | -⅛ | 5.62 |
| IND BK JAPAN FIN 7 7/8 97 | 200 | 102⅞ | 103⅛ | -⅛ | 7.24 |
| INTER AMER DEV 7 5/8 96 | 200 | 104⅛ | 104⅝ | | 6.49 |
| ITALY 8 1/2 94 | 1500 | 107⅛ | 107⅜ | -⅛ | 5.65 |
| JAPAN DEV BK 8 94 | 150 | 105 | 105½ | -⅛ | 5.65 |
| KANSAI ELEC PWR 10 96 | 350 | 110⅞ | 111⅛ | -⅛ | 7.02 |
| LTCB FIN 8 97 | 200 | 101⅝ | 102⅛ | -1⅛ | 7.60 |
| NEW ZEALAND 9 94 | 850 | 107 | 107½ | -⅛ | 6.02 |
| NIPPON CRED BK 10 3/8 95 | 150 | 111¼ | 111⅝ | +⅛ | 6.66 |
| NIPPON TEL & TEL 9 3/8 95 | 200 | 109 | 109½ | -⅛ | 6.12 |
| ONTARIO 8 1/2 01 | 600 | 105⅛ | 105⅝ | -⅛ | 7.64 |
| ONTARIO HYDRO 11 5/8 94 | 200 | 111¼ | 111⅞ | +⅛ | 5.70 |
| OSTER KONTROLLBANK 8 1/2 01 | 200 | 106⅝ | 107 | -⅛ | 7.47 |
| PETRO-CANADA 7 1/4 96 | 200 | 102 | 102⅜ | -⅛ | 6.69 |
| QUEBEC HYDRO 9 3/4 98 | 150 | 110 | 110⅜ | -1⅛ | 7.77 |
| QUEBEC PROV 9 98 | 200 | 107⅜ | 107⅞ | -⅛ | 7.46 |
| SAINSBURY 9 1/8 96 | 150 | 107⅞ | 108⅛ | -⅛ | 7.15 |
| SAS 10 99 | 200 | 107½ | 108⅛ | +⅛ | 8.54 |
| SBAB 9 1/2 95 | 500 | 109⅞ | 110 | -⅛ | 6.23 |
| SNCF 9 1/2 98 | 150 | 111⅞ | 111⅞ | -⅛ | 7.26 |
| STATE BK NSW 8 1/2 96 | 200 | 105 | 105½ | -⅛ | 7.13 |
| SWEDISH EXPORT 8 3/8 96 | 700 | 106⅛ | 106⅜ | -⅛ | 6.91 |
| TOKYO ELEC POWER 8 3/4 96 | 300 | 107⅞ | 108 | -⅛ | 6.78 |
| TOKYO METROPOLIS 8 1/4 96 | 200 | 105⅞ | 106 | -⅛ | 6.86 |
| WORLD BANK 8 3/8 99 | 1500 | 107⅜ | 107⅞ | -⅛ | 7.20 |
| WORLD BANK 8 3/4 97 | 1500 | 109⅜ | 109⅞ | -⅛ | 6.62 |
| XEROX CORPN 8 3/8 96 | 100 | 104 | 105 | +⅛ | 7.32 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| [illegible] 11 1/8 95 | 200 | 101½ | 101¾ | +⅛ | 10.58 |
| BK ECON USSR 7 96 | 750 | 66½ | 66½ | -2¼ | 19.30 |
| BULGARIAN TRADE BK 8 1/2 96 | 200 | 83 | 83 | +⅛ | 13.76 |
| CZECH OBCHODNI BANKA 10 95 | 350 | 95⅛ | 95½ | -⅛ | 11.57 |
| DEUTSCHE FINANCE 7 1/2 95 | 1000 | 98⅞ | 98⅞ | | 8.12 |
| EIB 5 3/4 98 | 400 | 90 | 90 | | 7.84 |
| EIB 6 7/8 95 | 300 | 96⅛ | 96⅝ | +⅛ | 7.88 |
| EUROFIMA 6 1/4 98 | 400 | 91¼ | 91¾ | | 8.81 |
| FIRST INTERSTATE 5 3/4 96 | 100 | 85⅛ | 85⅝ | +⅛ | 10.12 |
| IND BK JAPAN FIN 5 5/8 96 | 200 | 90⅛ | 90⅝ | +⅛ | 8.42 |
| IND DEV BK INDIA 6 3/8 94 | 200 | 88⅛ | 88⅝ | +⅛ | 11.06 |
| LUFTHANSA INT FIN 5 7/8 98 | 500 | 88⅛ | 88⅝ | -⅛ | 8.26 |
| NACIONAL FINANCIERA 11 95 | 150 | 100⅛ | 100⅝ | -⅛ | 10.77 |
| NAT BK HUNGARY 8 95 | 200 | 92⅛ | 92⅝ | +1⅛ | 9.95 |
| QUEBEC HYDRO 6 3/4 99 | 300 | 91½ | 91⅞ | +⅛ | 8.36 |
| SWEDEN 6 1/8 98 | 300 | 91⅛ | 91⅝ | +⅛ | 8.00 |
| WORLD BANK 0 15 | 2000 | 20⅛ | 20⅜ | +⅛ | 6.79 |
| WORLD BANK 5 3/4 96 | 300 | 92⅛ | 92⅝ | +⅛ | 7.85 |
| WORLD BANK 7 1/8 95 | 500 | 98⅛ | 98⅝ | +⅛ | 7.61 |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ASIAN DEV BANK 6 10 | 100 | 91 | 92 | +½ | 6.86 |
| AUSTRIA 4 5/8 98 | 100 | 89¼ | 90 | +⅛ | 6.84 |
| CHUBU ELEC POWER 6 3/4 01 | 300 | 99⅛ | 99⅝ | -⅛ | 6.85 |
| COUNCIL EUROPE 4 3/4 98 | 250 | 89⅛ | 89⅝ | | 6.97 |
| EEC 5 1/2 00 | 100 | 91 | 92 | | 6.89 |
| EIB 6 1/2 98 | 600 | 99⅛ | 99⅝ | | 6.59 |
| ELEC DE FRANCE 7 1/4 06 | 100 | 103 | 103½ | | 6.91 |
| FINLAND 5 3/8 95 | 150 | 95 | 95½ | | 6.91 |
| GENERAL MOTORS 7 1/2 95 | 100 | 97 | 98 | -½ | 8.58 |
| JAPAN DEV BK 5 1/2 94 | 100 | 98 | 98½ | | 6.56 |
| KOBE 6 3/8 01 | 240 | 96⅛ | 97 | -⅛ | 6.84 |
| NEW ZEALAND 4 7/8 99 | 200 | 86⅛ | 87⅛ | | 7.35 |
| QUEBEC HYDRO 5 08 | 100 | 75 | 75½ | | 7.76 |
| WORLD BANK 5 03 | 150 | 85½ | 85⅝ | +½ | 6.85 |
| WORLD BANK 7 01 | 600 | 102⅛ | 102½ | | 6.66 |

| YEN STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| AUSTRIA 4 3/4 94 | 30000 | 99⅛ | 99⅜ | | 5.15 |
| CREDIT FONCIER 5 1/4 94 | 20000 | 99⅛ | 99⅝ | | 5.48 |
| DENMARK 7 95 | 40000 | 104⅞ | 105⅛ | | 5.22 |
| EIB 4 5/8 94 | 40000 | 99⅛ | 99⅝ | -⅛ | 5.02 |
| ELEC DE FRANCE 5 5/8 96 | 20000 | 100⅛ | 100⅝ | | 5.56 |
| FINLAND 6 3/4 96 | 50000 | 104 | 104¼ | | 5.64 |
| INTER AMER DEV 7 1/4 00 | 30000 | 110½ | 110¾ | +½ | 5.63 |
| KANSAI ELEC PWR 4 5/8 94 | 60000 | 98⅛ | 98⅝ | | 5.38 |
| NIPPON TEL & TEL 5 7/8 96 | 50000 | 101⅝ | 102 | | 5.44 |
| NORWAY 5 1/8 95 | 50000 | 99⅛ | 99⅜ | | 5.25 |
| SNCF 6 3/4 00 | 30000 | 107½ | 107⅞ | | 5.57 |
| SWEDEN 5 5/8 95 | 20000 | 100⅛ | 100⅜ | -⅛ | 5.50 |
| WORLD BANK 6 3/4 00 | 50000 | 108⅛ | 108⅝ | | 5.49 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| BAYERISCHE VEREINS BNT 7 94 LFr | 600 | 94 | 95 | | 9.76 |
| COPENHAGEN TEL 8 5/8 96 LFr | 600 | 97⅛ | 98⅛ | -⅛ | 9.32 |
| WORLD BANK 8 96 LFr | 1000 | 96½ | 97½ | +⅛ | 9.00 |
| ALBERTA PROVINCE 10 5/8 96 C$ | 500 | 107½ | 107⅞ | -⅛ | 8.37 |
| BELL CANADA 10 5/8 99 C$ | 150 | 108⅛ | 108⅝ | -⅛ | 9.04 |
| BRITISH COLUMBIA 10 96 C$ | 500 | 105½ | 105⅞ | -⅛ | 8.42 |
| EIB 10 1/8 98 C$ | 130 | 107 | 108 | -⅛ | 8.60 |
| ELEC DE FRANCE 9 3/4 99 C$ | 275 | 105⅜ | 106⅛ | -⅛ | 8.67 |
| FORD CREDIT CANADA 10 94 C$ | 100 | 102⅞ | 103⅜ | +⅛ | 8.66 |
| GEN ELEC CAPITAL 10 96 C$ | 300 | 105⅛ | 105⅝ | -⅛ | 8.53 |
| KFW INT FIN 10 01 C$ | 400 | 106⅞ | 107⅜ | -⅛ | 8.86 |
| NIPPON TEL & TEL 10 1/4 94 C$ | 200 | 107⅞ | 108⅛ | -⅛ | 8.84 |
| ONTARIO HYDRO 10 7/8 99 C$ | 500 | 109⅛ | 109⅝ | -⅛ | 9.03 |
| OSTER KONTROLLBANK 10 1/4 99 C$ | 150 | 107⅝ | 108⅛ | -⅛ | 8.80 |
| QUEBEC PROV 10 1/2 98 C$ | 200 | 107⅜ | 107⅞ | -⅛ | 9.01 |
| BELGIUM 9 1/8 96 Ecu | 1250 | 101⅛ | 101⅝ | +⅛ | 8.70 |
| CREDIT LYONNAIS 9 96 Ecu | 125 | 99½ | 100⅛ | +⅛ | 9.12 |
| DENMARK 7 5/8 96 Ecu | 250 | 93⅛ | 94⅛ | +⅛ | 9.56 |
| EEC 7 5/8 94 Ecu | 200 | 97⅛ | 97⅝ | +⅛ | 9.03 |
| EIB 10 97 Ecu | 1125 | 105⅛ | 105⅝ | +⅛ | 8.58 |
| FERRO DEL STAT 10 1/8 98 Ecu | 500 | 106⅛ | 106⅝ | +⅛ | 8.76 |
| ITALY 10 3/4 00 Ecu | 1000 | 112 | 112⅛ | +⅛ | 8.64 |
| UNITED KINGDOM 9 1/8 01 Ecu | 2750 | 104⅛ | 104⅝ | +⅛ | 8.37 |
| BP AMERICA 12 1/4 96 A$ | 100 | 109⅛ | 109⅝ | -⅛ | 9.47 |
| COMM BK AUSTRALIA 13 3/4 99 A$ | 100 | 118⅛ | 118⅝ | -⅛ | 10.21 |
| EKSPORTFINANS 12 3/8 95 A$ | 75 | 111⅝ | 112⅛ | -⅛ | 8.26 |
| EUROFIMA 14 5/8 94 A$ | 75 | 112½ | 113 | -⅛ | 8.41 |
| MCDONALDS CANADA 15 95 A$ | 100 | 115⅝ | 116⅛ | -⅛ | 9.43 |
| NAT AUSTRALIA BANK 14 3/4 94 A$ | 150 | 111¼ | 111¾ | -⅛ | 8.60 |
| STATE BK NSW 14 1/4 99 A$ | 100 | 117½ | 117⅞ | -⅛ | 10.76 |
| UNILEVER AUSTRALIA 12 98 A$ | 150 | 110⅛ | 110⅝ | -⅛ | 9.74 |
| VOLKSWAGEN INTL 15 94 A$ | 100 | 111⅝ | 112⅛ | -⅛ | 9.04 |
| ABBEY NATL TREAS 13 3/8 95 £ | 100 | 107 | 107½ | +⅛ | 10.60 |
| ALLIANCE & LEICS 11 3/8 97 £ | 100 | 101⅛ | 101½ | -⅛ | 11.05 |
| BRITISH GAS 12 3/4 95 £ | 300 | 105⅝ | 106⅛ | | 10.50 |
| BRITISH LAND 12 1/2 16 £ | 150 | 104⅛ | 105 | +⅛ | 12.28 |
| DEUTSCHE BK FIN 11 94 £ | 225 | 101⅛ | 101½ | | 10.35 |
| EIB 10 97 £ | 536.5 | 99⅛ | 99⅝ | -⅛ | 10.12 |
| FINLAND 10 1/8 97 £ | 100 | 99⅞ | 100⅛ | +⅛ | 10.17 |
| ITALY 10 1/2 14 £ | 400 | 100⅛ | 100⅝ | +⅛ | 10.40 |
| LAND SECS 9 1/2 07 £ | 200 | 87⅛ | 87⅝ | +⅛ | 11.29 |
| NORWAY 10 1/2 94 £ | 200 | 100⅛ | 100⅝ | +⅛ | 10.20 |
| ONTARIO 11 1/8 01 £ | 100 | 103⅛ | 103⅝ | -⅛ | 10.54 |
| SEVERN TRENT 11 1/2 99 £ | 150 | 102⅞ | 103⅜ | -⅛ | 10.91 |
| SKANDINAVISKA ENSK 13 1/8 95 £ | 100 | 105⅛ | 105⅝ | -⅛ | 11.02 |
| TOKYO ELEC POWER 11 01 £ | 150 | 103⅝ | 104⅛ | -⅛ | 10.36 |
| WORLD BANK 11 1/4 95 £ | 100 | 102⅝ | 103 | +⅛ | 10.24 |
| ABBEY NATIONAL 0 96 NZ$ | 100 | 65⅛ | 66⅛ | +⅛ | 9.46 |
| BNP 12 96 NZ$ | 50 | 109⅝ | 110⅛ | +⅛ | 9.21 |
| CEPME 10 95 FFr | 2000 | 102⅛ | 103⅛ | | 9.00 |
| ELF-AQUITAINE 9 99 FFr | 600 | 100⅝ | 101⅛ | | 8.84 |
| EURATOM 7 5/8 98 FFr | 500 | 94 | 95 | +1⅛ | 8.87 |

| FLOATING RATE NOTES | Issued | Bid | Offer | C.cpn |
|---|---|---|---|---|
| ALLIANCE & LEICS 0.08 94 £ | 300 | 99.48 | 99.59 | 10.6425 |
| BANCO ROMA 0.03 01 | 200 | 92.00 | 93.18 | 4.4050 |
| BELGIUM 1/16 97 DM | 500 | 99.97 | 100.07 | 9.5000 |
| BFCE -0.02 96 | 350 | 100.33 | 100.43 | 4.9175 |
| BNP 05 | 300 | 96.25 | 97.19 | 5.5625 |
| BRITANNIA 1/10 96 £ | 150 | 99.08 | 99.28 | 10.6625 |
| CCCE 06 ECU | 200 | 99.91 | 100.00 | 10.1563 |
| CITIZENS FED 0.15 96 | 100 | 99.48 | 99.95 | 5.9625 |
| CREDIT FONCIER -1/16 98 | 200 | 100.45 | 100.55 | 5.3438 |
| DENMARK -1/8 96 | 1000 | 99.78 | 99.88 | 5.6875 |
| DRESDNER FINANCE 1/32 98 DM | 1000 | 99.95 | 100.04 | 9.5156 |
| ELEC DE FRANCE 1/8 99 | 400 | 101.89 | 102.84 | 6.0625 |
| FERRO DEL STAT 94 | 200 | 100.72 | 100.97 | 5.9375 |
| HALIFAX 1/10 94 £ | 200 | 99.95 | 100.05 | 10.5375 |
| IRELAND 98 | 300 | 99.59 | 99.69 | 4.4600 |
| ITALY 00 | 500 | 100.91 | 101.01 | 4.5000 |
| LEEDS PERMANENT 1/8 96 £ | 200 | 99.29 | 99.49 | 11.0000 |
| LLOYDS BANK 1/10 PERP S.3 | 600 | 79.50 | 81.50 | 6.0375 |
| MITSUI FIN ASIA 1/8 96 | 100 | 100.07 | 100.17 | 5.9375 |
| MORGAN (JP) 1/4 97 | 250 | 99.60 | 100.27 | 5.2500 |
| NAT WEST FIN 3/16 05 | 400 | 92.50 | 93.80 | 5.5000 |
| RENFE 98 | 500 | 100.12 | 100.22 | 5.0000 |
| SOCIETE GENERALE 96 | 300 | 99.67 | 99.77 | 5.6250 |
| STATE BK VICTORIA 0.05 99 | 125 | 98.56 | 98.81 | 4.3625 |
| UNITED KINGDOM -1/8 96 | 4000 | 100.03 | 100.07 | 4.2500 |
| YORKSHIRE BS 1/10 94 £ | 165 | 99.60 | 99.70 | 10.5063 |

| CONVERTIBLE BONDS | Issued | Cnv. price | Bid | Offer | Prem. |
|---|---|---|---|---|---|
| BURTON GROUP 4 3/4 01 £ | 110 | 2.38 | 126⅛ | 128⅛ | |
| CHUBB CAPITAL 6 98 | 250 | 86 | 105⅛ | 106⅛ | +28.32 |
| DAI-ICHI KANGYO 3 7/8 04 | 300 | 3251.8 | 89 | 90 | +25.26 |
| EASTMAN KODAK 6 3/8 01 | 300 | 50.67 | 105⅛ | 106⅛ | +10.97 |
| GOLD KALGOORLIE 7 1/2 00 | 65 | 1.0554 | 81⅛ | 82⅛ | +41.10 |
| HANSON 9 1/2 06 £ | 500 | 2.5875 | 98⅛ | 99⅛ | +27.75 |
| HAWLEY 6 02 PREF | 400 | 19.1 | 83⅛ | 86⅛ | |
| HILLSDOWN 4 1/2 02 £ | 150 | 3.97 | 115⅛ | 116⅛ | |
| LAND SECS 6 3/4 02 £ | 84 | 6.72 | 82⅛ | 83⅛ | +25.24 |
| LASMO 7 3/4 05 £ | 90 | 5.64 | 74⅛ | 75⅛ | +72.49 |
| MITSUI BANK 2 5/8 03 | 200 | 2337½ | 87 | 89 | +26.53 |
| MOUNT ISA FIN 6 1/2 97 | 100 | 2.283 | 95⅛ | 96⅛ | +21.50 |
| OGDEN 6 02 | 85 | 39.077 | 82⅛ | 83⅛ | +63.53 |
| SMITH & NEPHEW 4 02 £ | 90 | 1.775 | 119⅛ | 120 | +49.96 |
| SUMITOMO BANK 3 1/8 04 | 300 | 3606.9 | 69⅛ | 70⅛ | +26.24 |
| TEXAS INSTRUMENTS 2 3/4 02 | 300 | 82⅛ | 89⅛ | 90⅛ | |
| THORN EMI 5 3/4 04 £ | 103 | 7.45 | 119⅛ | 120⅛ | +13.32 |

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



# Petrobras considers international share issue

By Stephen Fidler, Latin America Editor

PETROBRAS, the Brazilian-state controlled oil concern, is considering an international issue of new shares to raise capital, its financial director said in London yesterday.

Mr Carlos Thadeu de Freitas Gomes, whose company is launching a new Eurobond this week to raise $150m, said the issue of equity would come once the company had exhausted its potential to issue international debt.

That would not happen before the middle of the year. However, an issue of new equity – of as yet undetermined magnitude – was possible later in the year, probably through American depositary receipts so that the shares would be easily tradeable in the US. He said he believed the federal government in Brasilia would favour such an issue.

Latin American companies, particularly from Mexico, have over the past 12 months raised significant sums through the issue of shares in the international market on the back of sharply rising stock markets. The Brazilian market has continued a strong performance in the first two weeks of this year.

Over 81 per cent of voting capital and 51 per cent of total share capital of Petrobras, Brazil's largest company in terms of revenues and assets, is currently held by the federal government.

Its shares have accounted for over 6 per cent of the trading volume in the Brazilian market over the last three years.

Mr de Freitas Gomes told a conference, organised by the investment group Stephen Rose and Partners, that Petrobras's investment programme envisaged the spending of $2.91bn this year, up from $2.41bn in 1991. This would rise to $4.4bn in next year, $5.7bn in 1994 and $6.1bn in 1995.

Company projections showed production reaching just under 1.5 barrels per day by the year 2000, accounting for 83 per cent of Brazilian demand, against average output of 650,771 bpd in 1991, 57 per cent of demand.

# CME plans D-Mark/yen currency contracts

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange is to launch yen-settled D-Mark/yen futures and options on January 26. These are the exchange's first cross-rate currency futures and options not settled in dollars.

Mr Jack Sandner, CME chairman, said: "We are responding to the fact that, more and more, the dollar is not the centre-piece of international transactions."

The exchange said it will wait to see how the D-Mark/yen contract succeeds before it launches two other similar cross-rate currency contracts – pound/D-Mark and D-Mark/Swiss franc – for which is has approval from the Commodity Futures Trading Commission, the US futures industry regulator.

The Chicago Board of Trade, the CME's traditional rival, announced it will suspend listing new futures and options contracts in mortgage-backed securities. Four such contracts traded poorly last year.

The CBOT said it would move mortgage-backed futures and options to its upcoming local-area network electronic trading system, called Project A. Project A, still under development, is to be used for low volume or non-conventional products during regular trading hours.

# Nippon Shinpan to securitise car loans

NIPPON Shinpan, the Japan's largest consumer card services company, will securitise part of its car loans to diversify ways of acquiring cash, Reuter reports. This will be the first time a Japanese company has securitised car loans.

The first lot of securities, totalling Y3bn, will be sold in a few months. Each one-year note is worth Y10m and the minimum investment size will be Y50m, yielding around 6 per cent interest. Nippon Shinpan plans to acquire ratings on these notes from foreign firms such as Moody's Investors Service, in order to protect investors, he said.

Orix, Japan's largest leasing company, recently securitised part of its leasing business and finished selling the securities last week.

## INTERNATIONAL CAPITAL MARKETS

# EIB deals in dollar, yen sectors arouse controversy

By Tracy Corrigan

NEW Eurobond issues continued to emerge at a brisk pace yesterday, despite a further sell-off in the US Treasury market, with activity concentrated in dollars and yen.

The European Investment Bank launched deals in both sectors, both with reduced fees, arousing some controversy among market participants.

### INTERNATIONAL BONDS

The EIB launched a $400m offering of 10-year bonds via IBJ International, structured as a block trade; that is, the full underwriting risk was taken by IBJ, with only a small selling group.

The pricing of the issue, at a spread of just 6 basis points above the 10-year US Treasury, took account of the substantial tightening in spreads particularly in supranational names which benefit from tax-exempt status in Italy.

The EIB's last dollar offering, a 10-year deal launched before Christmas, has been bid just a couple of basis points above the US Treasury yield. However, dealers point out that there has been a technical short in that bond, partly because of use in the repo market.

In the Euroyen market, the European Investment Bank's Y60bn issue of 5 per cent bonds, due 1995, was considered fairly priced, and dealers welcomed a new three-year benchmark.

However, the structure of the transaction proved controversial. The deal, arranged by Nikko, consisted of a small co-lead group of underwriters and a selling group. The fees were undisclosed, but according to market sources were cut to 10 basis points, a substantial reduction.

Nikko pointed out that despite the reduced fees, all the participants made money on the deal, and added that other houses had proposed similar structures.

However, despite the successful placement of the transaction, some houses felt that the reduction of fees was a dangerous precedent. The EIB used a similar structure in the dollar market last year, in an offering arranged by ABN Amro.

Also in the yen market was a Y50bn offering of 10-year bonds for the Asian Development Bank which was rather aggressively priced. The two offerings were the first in the sector this year to be targetted at European investors.

In the dollar sector, spreads on recent aggressively-priced deals looked set to widen, but were rescued by further declines in the US Treasury market. Austria's 12-year deal launched on Monday and priced yesterday met steady demand and was increased from $300m to $400m.

A $300m 15-year offering for KFW International Finance, via Deutsche Bank, was launched yesterday for pricing today. The indicated spread is 43 to 45 basis points above the 10-year Treasury.

In the D-Mark sector, the strong performance of a 10-year zero-coupon deal for LKB Finance prompted an increase from DM500m to DM750m.

A SFr150m issue of subordinated debt for Commerzbank, swapped into floating rate D-Marks, suffered as a result of over-aggressive pricing, dealers said.

■ SEGA Enterprises, Japan's largest maker of commercially-used game equipment, announced a $200m convertible bond issue yesterday, writes Sara Webb.

The issue attracted some interest as Japanese companies have refrained from issuing international convertible bonds in recent months and have tended to launch debt with warrants.

The coupon on the issue will be fixed at between 3.5 per cent and 4 per cent on January 23. Nomura International, lead manager for the convertible, opened subscriptions for the issue yesterday.

## NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | |
| EIB(a)† | 400 | 7⅛ | 99.81 | 2002 | - | IBJ Int. |
| Republic of Austria(a)† | 400 | 7¼ | 98.93 | 2004 | 35/15bp | CSFB |
| Mitsui Eng.& Shipbldg.(a)♦ | 380 | 3⅛ | 100 | 1996 | 2/1½ | Nomura Int. |
| Sega Enterprises(e)§ | 200 | (3½-4) | 100 | 1996 | 2½/1½ | Nomura Int. |
| **CANADIAN DOLLARS** | | | | | | |
| Compagnie Bancaire(a)† | 150 | 8¼ | 101.45 | 1997 | 1⅞ | Nomura Int. |
| **FRENCH FRANCS** | | | | | | |
| Soc.Generale Acceptance(b)‡† | (b) | zero | 100 | 1993 | 1 | Societe Generale |
| **AUSTRALIAN DOLLARS** | | | | | | |
| Australian Nat.R'ways.(a)† | 50 | 9½ | 100 | 1999 | 2/1½ | Westpac Banking Corp |
| **D-MARKS** | | | | | | |
| LKB Finance NV(a)† | 750 | zero | 47.35 | 2002 | 2½/1½ | Trinkaus & Burkhardt |
| BP America Inc.(a)† | 200 | 8⅛ | 102.35 | 2002 | 2½/1½ | CSFB Effectenbank |
| **SWISS FRANCS** | | | | | | |
| Commerzbank(c)† | 150 | 7 | 102¼ | 2002 | - | Swiss Volksbank |
| Nihon Kohden(d)★★♦ | 40 | 4⅜ | 100 | 1996 | - | Yamaichi Bk (Switz) |
| **YEN** | | | | | | |
| EIB(a)† | 60bn | 5 | 99.95 | 1995 | - | Nikko Europe |
| Asian Development Bank(a)† | 50bn | 5⅝ | 99.95 | 2002 | 32.5/15bp | Bk of Tokyo Cap.Mkts. |
| Dainippon Ink & Chemicals(a)† | 15bn | 6¼ | 101⅝ | 1999 | 1⅞/1½ | Nikko Europe |

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Amount - minimum FFr300m. Redemption at 105½%, is linked to FFr/$ rate, and put option from 15/2/93 - 23/7/93. c) Subordinated issue, swapped into floating rate D-Marks. Non-callable. d) Callable 30/1/94 at 101% declining ¼% semi-annually. e) Callable from 1/4/92 at 104% declining 1% annually.

# A marriage made in the market place

**Tracy Corrigan** on the merger of Liffe and LTOM which will go ahead in March

THE LONDON International Financial Futures Exchange (Liffe) has managed to find enough market-makers in individual stock options to allow its merger with the London Traded Options Market (LTOM) to go ahead.

"We have received sufficient commitment from a nucleus of market-makers to make it possible for the merged market to continue to trade the full range of individual equity options and index options currently traded on LTOM," said Mr David Burton, Liffe's chairman.

Although there is still some concern that the market-making capacity of the new exchange may initially be rather thin, dealers hope the boost in activity provided by the merger will prompt an increase in the level of market-making activity.

Six firms – J.G. Bolitho, City of London Options, Hills Independent Traders, James Capel, Kleinwort Benson and Swiss Bank Corporation – have said they will act as assigned market-makers and nominated market-makers in a range of contracts.

An assigned market-maker is committed to making a continuous two-way price in a particular contract, while a nominated market-maker is expected to make prices on request.

The merger, originally due to take place at the end of January, was postponed until March 20, because insufficient firms had come forward to act as market-makers; there were also technical problems.

Trevor Humphries

Michael Jenkins: Liffe's chief executive says a screen-based system is still an option

Liffe yesterday made a provisional allocation of 'D' shares which entitle holders to trade stock and stock index options on the new exchange. The final allocation will be made once the merger has become legal.

There is still some concern that the vested interests which hindered progress on the merger from the start may continue to divide the market. In particular, four of the most active firms in the underlying market – Barclays de Zoete Wedd, County NatWest, Smith New Court and Warburg – will not be acting as market-makers. These firms had pushed for a move from open-outcry trading to a screen-based system, a proposal which met strong opposition from other quarters.

Although they will not be involved as market-makers, these firms will act as principal traders and could contribute substantial liquidity since they hold around a dozen seats each. Each seat is equivalent to one trader on the floor.

Kleinwort Benson, which had also advocated screen-based trading, surprised some market participants when it volunteered last week to become a market-maker. Mr Bruce Froud, head of equity derivatives at Kleinwort, said the decision to make markets was "economically a sensible decision in the medium-term".

Due to the nature of the market, volume in individual stock options is expected to remain volatile. "If there is takeover speculation affecting a particular stock, market-making will shift to where the action is," one trader said.

The mood among traders yesterday was generally optimistic, after weeks of speculation that the merger might not go ahead. Provided confidence in the effectiveness of the market improves, the relatively small number of market-makers could provide enough liquidity to get the market started, according to most traders.

"I think you could see average daily volume in the FT-SE option [which currently trades around 8,000 contracts a day] rise in excess of 30,000 contracts," said Mr Richard Harris, head of derivative trading at UBS Phillips & Drew.

Mr Michael Jenkins, chief executive of Liffe, pointed to the "high degree of expertise" among the market-makers. However, he admitted that if volume in the market failed to pick up following the merger there was still a chance there would have to be a shift to another system. He said a screen-based system was still an option.

Also under consideration is a "negotiated price" market, like the system used on the American Stock Exchange, where one nominated market-maker who runs the book for a particular contract.

# US issuers expected to extend business domination

By Sara Webb

US COMPANIES have dominated the new international equity business so far this year and are expected to continue tapping the capital markets during the first quarter of 1992.

### INTERNATIONAL EQUITY ISSUES

According to one estimate, between 100 and 125 US deals, including initial public offerings and domestic issues, are expected by the end of February.

The largest deal announced so far is the $1.25bn equity issue for Chemical Banking, the bank resulting from the merger of Manufacturers Hanover Trust and Chemical Bank. The funds are intended to strengthen the bank's capital position.

Goldman Sachs is the lead-manager, with Lehman Brothers, Merrill Lynch and Morgan Stanley acting as co-leads. Chemical Banking has registered to issue up to 50m shares, of which 5m will be offered internationally.

International Paper, the US forest products group which has expanded aggressively in Europe in recent years, plans to reduce its gearing by raising about $560m.

The company is issuing 8m new shares, 1.5m of which will be offered to international investors.

Credit Suisse First Boston is the lead manager, with Goldman Sachs as co-lead.

USX-Marathon Group, the US group which includes the operations of Marathon Oil, is hoping to raise $440m for a capital expenditure programme.

Lehman Brothers is the lead manager for the issue which consists of 20m shares, including a 4m international tranche.

USX-Marathon and USX-US Steel resulted from a stock split by USX, the Pittsburgh-based steel and natural resources group, last year.

Hospital Corporation of America, a hospital management group, has announced an initial public offering of 34m shares to raise $700m. Of these, 6.8m shares will be offered internationally.

The company was taken private in a management-led buy-out in 1989 but is now seeking a New York listing.

The proceeds will be used to pay outstanding debt and the management will keep a 66 per cent stake in the company. Goldman Sachs is the lead manager for the issue.

## LONDON MARKET STATISTICS

## FT-ACTUARIES SHARE INDICES



| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Tue Jan 14 1992 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%) | Est. P/E Ratio (Net) | xd adj. 1992 to date | Mon Jan 13 Index No. | Fri Jan 10 Index No. | Thu Jan 9 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (178) | 755.22 | +1.4 | 9.03 | 6.37 | 14.16 | 0.19 | 744.72 | 739.74 | 749.16 | 685.64 |
| 2 | Building Materials (23) | 889.50 | +1.2 | 7.82 | 7.00 | 17.31 | 0.00 | 878.94 | 872.32 | 886.12 | 931.03 |
| 3 | Contracting, Construction (29) | 833.62 | +0.3 | 9.63 | 8.89 | 14.95 | 0.00 | 831.34 | 827.89 | 846.57 | 1066.36 |
| 4 | Electricals (7) | 2406.37 | +0.4 | 10.32 | 6.23 | 12.19 | 0.00 | 2397.82 | 2401.82 | 2392.60 | 1880.65 |
| 5 | Electronics (26) | 1692.96 | +2.2 | 10.90 | 5.08 | 11.62 | 0.41 | 1655.93 | 1659.25 | 1679.12 | 1486.25 |
| 6 | Engineering-Aerospace (8) | 342.93 | +1.8 | 15.75 | 7.58 | 7.73 | 0.00 | 336.84 | 331.17 | 332.15 | 382.36 |
| 7 | Engineering-General (43) | 469.71 | +1.1 | 10.20 | 5.33 | 12.09 | 0.84 | 464.69 | 464.64 | 465.52 | 350.78 |
| 8 | Metals and Metal Forming (10) | 306.75 | +1.5 | 2.28 | 11.33 | - | 0.00 | 302.26 | 295.34 | 304.04 | 384.48 |
| 9 | Motors (13) | 280.38 | +0.1 | 9.19 | 8.50 | 14.45 | 0.00 | 280.07 | 277.78 | 289.51 | 271.19 |
| 10 | Other Industrial Materials (19) | 1565.96 | +1.7 | 7.69 | 5.24 | 15.47 | 0.00 | 1539.08 | 1524.43 | 1539.35 | 1176.93 |
| 21 | CONSUMER GROUP (188) | 1639.28 | +0.8 | 7.15 | 3.37 | 17.22 | 1.53 | 1627.05 | 1615.35 | 1622.20 | 1196.07 |
| 22 | Brewers and Distillers (23) | 2050.66 | +1.1 | 8.11 | 3.46 | 14.95 | 7.92 | 2029.10 | 2028.03 | 2020.16 | 1545.54 |
| 25 | Food Manufacturing (18) | 1237.64 | +0.3 | 8.71 | 4.10 | 14.18 | 1.03 | 1233.53 | 1226.41 | 1239.21 | 1022.54 |
| 26 | Food Retailing (17) | 2359.11 | +1.2 | 9.82 | 3.51 | 13.23 | 0.39 | 2330.86 | 2293.80 | 2331.76 | 2270.83 |
| 27 | Health and Household (24) | 4654.94 | +0.1 | 4.88 | 2.10 | 23.48 | 0.35 | 4651.04 | 4603.29 | 4626.49 | 2463.52 |
| 29 | Hotels and Leisure (24) | 1244.08 | +0.1 | 8.02 | 5.41 | 15.40 | 0.00 | 1242.29 | 1231.20 | 1234.41 | 1134.44 |
| 30 | Media (23) | 1439.42 | +0.9 | 6.72 | 3.73 | 18.64 | 0.91 | 1426.53 | 1419.78 | 1425.38 | 1182.36 |
| 31 | Packaging, Paper & Printing (17) | 761.76 | +2.1 | 6.95 | 4.36 | 17.44 | 0.00 | 745.87 | 746.06 | 748.18 | 493.84 |
| 34 | Stores (32) | 980.08 | +1.9 | 7.49 | 3.79 | 17.68 | 0.23 | 962.17 | 954.27 | 957.89 | 782.43 |
| 35 | Textiles (10) | 598.88 | -0.4 | 7.72 | 5.18 | 16.53 | 0.00 | 601.14 | 602.02 | 590.45 | 400.94 |
| 40 | OTHER GROUPS (115) | 1184.33 | +0.9 | 10.23 | 5.62 | 12.32 | 5.01 | 1174.30 | 1181.06 | 1190.11 | 969.04 |
| 41 | Business Services (16) | 1408.48 | +0.2 | 7.13 | 4.66 | 17.84 | 0.00 | 1406.12 | 1386.62 | 1394.37 | 976.27 |
| 42 | Chemicals (21) | 1398.41 | +0.3 | 7.22 | 5.23 | 17.12 | 0.19 | 1394.19 | 1392.40 | 1402.38 | 1013.23 |
| 43 | Conglomerates (11) | 1302.23 | +2.0 | 11.57 | 7.97 | 10.50 | 0.10 | 1276.15 | 1275.07 | 1289.48 | 1226.86 |
| 44 | Transport (14) | 2374.28 | +1.7 | 5.40 | 4.76 | 24.36 | 0.00 | 2335.06 | 2322.34 | 2350.92 | 1792.60 |
| 45 | Electricity (16) | 1124.48 | ........ | 16.13 | 6.61 | 8.07 | 11.22 | 1125.02 | 1156.75 | 1177.16 | 996.89 |
| 46 | Telephone Networks(4) | 1376.52 | +0.7 | 11.40 | 4.56 | 11.45 | 15.96 | 1367.08 | 1388.29 | 1390.43 | 1099.72 |
| 47 | Water(10) | 2202.48 | +0.1 | 19.39 | 7.22 | 5.68 | 0.00 | 2201.03 | 2228.20 | 2212.37 | 2143.92 |
| 48 | Miscellaneous (23) | 1817.17 | +1.6 | 5.47 | 5.38 | 25.14 | 0.00 | 1789.24 | 1777.65 | 1799.40 | 1513.20 |
| 49 | INDUSTRIAL GROUP (481) | 1270.64 | +0.9 | 8.42 | 4.58 | 14.86 | 2.32 | 1259.35 | 1255.40 | 1263.87 | 1000.73 |
| 51 | Oil & Gas (19) | 2179.88 | +2.0 | 11.74 | 6.43 | 11.27 | 0.00 | 2137.44 | 2112.52 | 2133.83 | 2230.88 |
| 59 | 500 SHARE INDEX (500) | 1351.68 | +1.0 | 8.79 | 4.79 | 14.34 | 2.19 | 1338.06 | 1332.58 | 1342.07 | 1101.88 |
| 61 | FINANCIAL GROUP (87) | 700.10 | +0.3 | - | 6.65 | - | 0.00 | 697.96 | 698.72 | 707.91 | 668.82 |
| 62 | Banks (9) | 825.48 | ........ | 4.78 | 6.43 | 41.41 | 0.00 | 825.54 | 828.96 | 837.60 | 695.08 |
| 65 | Insurance (Life) (6) | 1414.69 | +0.2 | - | 6.04 | - | 0.00 | 1412.05 | 1405.61 | 1429.85 | 1225.57 |
| 66 | Insurance (Composite) (7) | 505.38 | +1.5 | - | 8.63 | - | 0.00 | 497.70 | 492.44 | 509.27 | 582.07 |
| 67 | Insurance (Brokers) (10) | 972.60 | +1.4 | 7.95 | 6.87 | 16.55 | 0.00 | 958.99 | 953.77 | 961.62 | 959.83 |
| 68 | Merchant Banks (7) | 449.95 | +0.1 | - | 4.76 | - | 0.00 | 449.31 | 452.29 | 454.76 | 330.16 |
| 69 | Property (34) | 760.62 | -0.1 | 7.22 | 6.07 | 19.74 | 0.00 | 761.42 | 768.57 | 771.84 | 928.97 |
| 70 | Other Financial (14) | 232.24 | -0.2 | 11.49 | 7.69 | 10.98 | 0.00 | 232.61 | 232.67 | 232.98 | 236.97 |
| 71 | Investment Trusts (68) | 1177.64 | +0.9 | - | 3.69 | - | 0.38 | 1166.59 | 1166.17 | 1164.64 | 955.63 |
| 99 | ALL-SHARE INDEX (655) | 1197.28 | +0.9 | - | 4 97 | - | 1.67 | 1186.22 | 1182.19 | 1191.18 | 995.42 |
| | | Index No | Day's Change | Day's High (a) | Day's Low (b) | Jan 13 | Jan 10 | Jan 9 | Jan 8 | Jan 7 | Year ago |
| | FT-SE 100 SHARE INDEX‡ | 2516.3 | +26.2 | 2516.3 | 2490.3 | 2490.1 | 2477.9 | 2497.9 | 2467.1 | 2482.9 | 2070.9 |

## FIXED INTEREST

| | PRICE INDICES | Tue Jan 14 | Day's change % | Mon Jan 13 | Accrued interest | xd adj. 1992 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years (26) | 121.80 | +0.01 | 121.79 | 2.17 | 0.11 |
| 2 | 5-15 years (27) | 136.11 | +0.08 | 136.00 | 2.95 | 0.00 |
| 3 | Over 15 years (8) | 145.22 | +0.16 | 145.00 | 1.99 | 0.00 |
| 4 | Irredeemables (6) | 159.80 | -0.27 | 160.23 | 1.80 | 0.00 |
| 5 | All stocks (67) | 133.91 | +0.06 | 133.83 | 2.61 | 0.04 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years (2) | 168.08 | +0.04 | 168.00 | 1.06 | 0.00 |
| 7 | Over 5 years (9) | 148.76 | +0.36 | 148.21 | 0.64 | 0.27 |
| 8 | All stocks (11) | 150.29 | +0.32 | 149.82 | 0.69 | 0.23 |
| 9 | Debs & Loans (62) | 116.08 | +0.17 | 115.88 | 2.54 | 0.09 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Tue Jan 14 | Mon Jan 13 | Year ago (approx.) |
|---|---|---|---|---|---|
| | **British Government** | | | | |
| 1 | Low | 5 years | 8.90 | 8.97 | 10.07 |
| 2 | Coupons | 15 years | 9.34 | 9.33 | 10.12 |
| 3 | (0%-7¾%) | 20 years | 9.34 | 9.33 | 10.16 |
| 4 | Medium | 5 years | 9.78 | 9.77 | 10.92 |
| 5 | Coupons | 15 years | 9.43 | 9.45 | 10.49 |
| 6 | (8%-10¾%) | 20 years | 9.36 | 9.38 | 10.33 |
| 7 | High | 5 years | 9.98 | 9.98 | 11.06 |
| 8 | Coupons | 15 years | 9.52 | 9.53 | 10.67 |
| 9 | (11%-) | 20 years | 9.44 | 9.44 | 10.46 |
| 10 | Irredeemables | † | 9.56 | 9.53 | 10.34 |
| | **Index-Linked** | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 4.02 | 4.03 | 3.79 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.33 | 4.35 | 4.18 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 3.42 | 3.42 | 2.55 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.16 | 4.18 | 4.01 |
| 15 | Debs & | 5 years | 11.10 | 11.13 | 12.62 |
| 16 | Loans | 15 years | 10.93 | 10.95 | 12.36 |
| 17 | | 25 years | 10.75 | 10.77 | 12.14 |

‡Opening index 2491.5; 9 am 2491.0; 10 am 2500.9; 11 am 2504.5; Noon 2510.0; 1 pm 2513.0; 2 pm 2511.2; 2.30 pm 2511.4; 3 pm 2506.2; 4.10 pm 2514 4; (a) 4.30pm (b) 8.57am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 39 | 16 | 26 |
| Other Fixed Interest | 7 | 1 | 10 |
| Commercial, Industrial | 349 | 183 | 960 |
| Financial & Property | 203 | 75 | 514 |
| Oil & Gas | 28 | 15 | 48 |
| Plantations | 0 | 0 | 10 |
| Mines | 18 | 46 | 88 |
| Others | 34 | 60 | 47 |
| Totals | 678 | 396 | 1,703 |

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price p | Am'nt Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price p | + or - | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| - | F.P. | - | 60 | 49 | BTR Warrants 1995/96 | 60 | +4 | - | - | - | - |
| - | F.P. | - | 120 | 105 | Baillie Gifford Jap Wrrts | 115 | +7 | - | - | - | - |
| - | F.P. | - | 425 | 405 | Bristol Water Non-Vtg £1 | 425 | | - | - | - | - |
| *335 | 110 | - | 126½ | 112½ | British Telecom New | 113xd | -1 | 13.3 | 2.6 | 5.2 | 9.9 |
| 140 | F.P. | - | 145 | 140 | Burn Stewart Dist | 145 | +1 | R5.0 | 2.3 | 4.6 | 11.2 |
| - | F.P. | - | 2½ | 2 | Butte Mining Wrrnts. | 2 | | - | - | - | - |
| † | F.P. | - | 75 | 63 | Capital Industries 1p | 64 | | - | - | - | - |
| - | F.P. | - | 268 | 218 | Eurotunnel '91 Wrnts. | 268 | | - | - | - | - |
| 100 | F.P. | - | 92 | 88 | Fidelity Euro Values | 91 | | - | - | - | - |
| - | F.P. | - | 22 | 20 | Do. Warrants | 21 | | - | - | - | - |
| - | F.P. | - | 26 | 25 | First Charlotte Wrrnts | 25 | -1 | - | - | - | - |
| - | F.P. | - | 33 | 23 | Fleming Japanese Wrrnts | 26 | +½ | - | - | - | - |
| ■235 | F.P. | - | 303 | 288 | Frost Group | 303 | +7 | u2.0 | 0.9 | 0.9 | 12.9 |
| 120 | F.P. | - | 128 | 126 | Harrington Kilbride | 126 | | R4.5 | 1.8 | 4.8 | 12.8 |
| ♦ | F.P. | - | 25 | 24½ | Hong Kong Zero Dv Pf | 24¾ | | - | - | - | - |
| £10¾ | F.P. | - | £10⅝ | £10⅝ | Latin Am Inc & Appr. 1c | £10⅝ | | - | - | - | - |
| - | F.P. | - | 4 | 3 | Lowe (R) Wrrnts | 3 | | - | - | - | - |
| - | F.P. | - | 4 | ¾ | Multitrust Warrants | 4 | | - | - | - | - |
| 60 | F.P. | - | 59 | 56 | ‡Seafield Resources | 56 | | - | - | - | - |
| 50 | F.P. | - | 33 | 33 | ‡Simpsons of Cornhill 5p | 33 | | - | - | - | 10.2 |
| 100 | F.P. | - | 105½ | 103 | St. Davids Zero Div Pf | 104¾ | -1 | - | - | - | - |
| - | F.P. | - | 4½ | 3½ | Wills Group Wrrnts. | 4½ | +¼ | - | - | - | - |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| 10p | F.P. | - | 10p | 8p | Butte Mining 10pc (Net) Cv Prf 1994 | 10p | +1 |
| 100 | F.P. | - | 107½ | 98½ | Camborne Inds. 10½pc Rd. Deb. 2001 | 105½ | |
| 100p | F.P. | - | 103p | 100p | Fidelity Euro. Values Equity Ln 2001 | 101p | |
| 105 | F.P. | - | 105 | 98 | Greencore 9.5% Cm Un Ln Stk 1995 | 100 | |
| 310p | 150p | - | 246p | 187p | Inchcape Non-Int. Bearing Cv Un Ln | 245p | -1 |
| 100p | F.P. | - | 104p | 100¼p | NatWest Bank 9pc Prf Series A | 102¾p | |

## RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 43 | Nil | 17/2 | 5pm | 3pm | Anglo Irish Bank | 3pm | |
| 235 | Nil | 27/1 | 26pm | 11pm | Hartstone | 22pm | +9 |
| 415p | Nil | 28/2 | 116pm | 100pm | Northern Foods | 112pm | +4 |
| 77½ | Nil | 20/1 | 1½pm | ¼pm | River & Merc. Cap. | ¼pm | |
| 105½ | Nil | 20/1 | 1½pm | ¼pm | Do. Inc. | ¼pm | |
| 113½ | Nil | 20/1 | 4½pm | 3pm | Do. Sepd. Pf | 3¾pm | +¼ |
| 17½ | Nil | 20/1 | 1½pm | ¼pm | Do. Warrants | ¼pm | |
| 125 | Nil | 10/2 | ¼pm | ¼pm | Tottenham Hotspur | ¼pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

## TRADITIONAL OPTIONS

- First Dealings Jan. 6
- Last Dealings Jan. 17
- Last Declarations Apr. 2
- For settlement Apr. 13

*3-month call rate indications are shown on this page.*

Calls in **Burton, Conroy Petroleum, Emess, Flextech, Kunick, Medeva** and **Scottish Heritable Trust**. Puts in **Laura Ashley, Laing Props.** and **Prowting**. Puts and calls in **Amber Day** and **Medeva**.

## LONDON TRADED OPTIONS

[illegible]

| Option | | Feb | May | Aug | Feb | May | Aug |
|---|---|---|---|---|---|---|---|
| Brit. Aero (*327) | 300 | 32½ | 37½ | 40 | 4 | 17½ | 20½ |
| | 330 | 13½ | 20½ | 26 | 13½ | 34 | 36 |
| BAA (*538) | 500 | 63 | 80½ | 85½ | 1 | 6¾ | 10½ |
| | 550 | 22 | 45 | 52 | 11½ | 19½ | 24½ |
| Hawker Sidd. (*763) | 750 | 13 | 27½ | - | 26½ | 30½ | - |
| | 800 | 3 | 8½ | - | - | - | - |
| Hillsdown (*157) | 140 | 19 | 24½ | 25½ | 3½ | 7½ | 8 |
| | 160 | 6½ | 11½ | 15 | 10 | 16 | 18½ |

January 14 Total Contracts 29,608. Calls 23,720 Puts 5,888. FT-SE Index Calls 5,630 Puts 2,013. Euro FT-SE Calls 53 Puts 100. Eurotrack 100 Index Calls 3 Puts 0. *Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

## TRADITIONAL OPTION 3-month call rates

| | p | | p | | p | | p | | p |
|---|---|---|---|---|---|---|---|---|---|
| **■ INDUSTRIALS** | | Charter Cons. | 42 | Ladbroke | 19 | Sears | 8½ | **■ OILS** | |
| Allied-Lyons | 50 | Comm Union | 34 | Legal & Gen | 30 | SmKl Bchm A | 70 | Aviva Pet | 1½ |
| Amstrad | 4 | Courtaulds | 40 | Lex Service | 16 | TI | 41 | BP | 30 |
| Astec (BSR) | 5 | Eurotunnel | 40 | Lloyds Bank | 24 | TSB | 9 | Burmah Castrol | 36 |
| BAT Inds | 48 | FKI | 5 | Lonhro | 16 | Tesco | 15½ | Conroy Pet | 4 |
| BOC | 49 | FNFC | 5 | Lucas Inds | 11 | Thorn EMI | 59½ | Gaelic Res | ½ |
| BTR | 33 | Forte | 20 | Marks Spencer | 22 | T & N | 10½ | Premier Cons | 4 |
| Barclays | 24 | GKN | 24 | Midland Bank | 17 | Unilever | 78 | Shell | 41 |
| Blue Circle | 18 | Gen Accident | 37 | NatWest Bank | 21 | Vickers | 13½ | Tuskar Res | 1½ |
| Boots | 33 | GEC | 15 | P & O Dfd | 35 | Wellcome | 80 | **■ MINES** | |
| Bowater | 54 | Glaxo | 64 | Racal Elect | 4½ | **■ PROPERTY** | | RTZ | 98 |
| Brit Aerospace | 18 | Grand Met | 70 | RHM | 20 | Brit Land | 20½ | | |
| British Steel | 5 | GRE | 11 | Rank Org | 47 | Land Sec. | 36 | | |
| Brit Telecom | 25 | Hanson | 15 | Ratners | 6 | MEPC | 33 | | |
| Cadburys | 34 | ICI | 88 | Reed Intl | 42 | Mountleigh | 3 | | |

UK COMPANY NEWS

# Talks try to avert clash over right to silence

By Ivo Dawnay and Alison Smith

STRENUOUS EFFORTS were underway yesterday to avert a head-on clash between Parliament and the judiciary over the Maxwell brothers refusal on Monday to give evidence to the Commons social security committee.

Discreet behind-the-scenes talks between Mr Frank Field, the committee chairman, and party managers were understood to be seeking a formula that would satisfy the rights of committees and those of citizens to remain silent.

However, in a private meeting of the all-party committee today, Mr Field is expected to seek the backing of his 10 colleagues to publish a report on their defiance that could lead to a Commons debate and the Maxwells being formally censured.

While acknowledging their common law rights not to have to give evidence that might jeopardise their legal interests, the committee could ask the House to call them to the Bar of the Commons.

Nonetheless, some senior parliamentarians were cautioning last night that every effort must first be made to find a negotiated compromise that would satisfy both sides.

Several MPs of both main parties said yesterday that the genuine legal difficulties of the case had to be acknowledged.

Constitutional lawyers remarked that the unprecedented circumstances of a select committee inquiry running concurrently with legal actions had seriously complicated the case.

The Court of Appeal is adjudicating on abid by Mr Kevin Maxwell to remain silent on the pension funds affair after the High Court ruled in December that he must answer questions put by the provisional liquidator of Bishopsgate Investment Management.

# AGB market research sale reported to OFT

By Raymond Snoddy

A GROUP of food and packaged goods companies has complained to the Office of Fair Trading about the possible sale of AGB Research – the private Maxwell market research group – to its rival AC Nielsen of the US.

Mr Murdoch McKillop, the Arthur Anderson administrator, is in the process of finalising the AGB sale.

The deadline for bids for various parts of the AGB business was Friday, and he hopes to announce the purchasers later this week.

The most important of the AGB businesses include the continuing market research panels on grocery and food sales.

The company also produces figures for research into television ratings.

The bidders include Nielsen, the Dun & Bradstreet market research subsidiary.

Companies including Kraft Foods, Nestlé, and Unilever, have complained to Sir Gordon Borrie, the director general of Fair Trading, arguing that a Nielsen takeover would amount to the creation of a monopoly in large consumer panel research in the UK.

AGB operates Superpanel, a family panel 8,500 strong which records all food and packaged goods purchases on a weekly basis. The families in the panel have barcode scanners in their homes and produce a very accurate record of purchases.

Nielsen operates a rival 7,000 strong panel called Home Scan.

Mr Paul Freeman of Kraft General Foods, chairman of the Superpanel Users Group, has written to Sir Gordon pointing out that a takeover of AGB by Nielsen would give the company an effective monopoly of continuous panel research in the UK.

Mr Freeman has asked the OFT to determine whether this would be in the public interest.

The OFT has said that when it has official confirmation of a Nielsen bid for AGB it will look into the issue as an apparent concentration of market power.

The Superpanel Users Group also surveyed its members and every company asked - virtually all of Britain's leading food and packaged goods companies – said it was not happy with a Nielsen takeover.

Copies of all Mr Freeman's letters to the OFT have been sent to Mr McKillop and other potential purchasers such as GFK of Germany.

Because AGB has joint ventures on continuous research in other European countries such as France, Spain and Germany Mr Freeman argues that there are also European Community competition implications in any possible Nielsen takeover.

The administrator, whose job is to realise the maximum from the assets of AGB, now faces a difficult dilemma: if Nielsen has made the highest bid, does he accept even though such a decision could lead to an OFT investigation?

Nielsen declined to say yesterday whether or not it had bid for AGB, but argued that the two companies accounted for no more than 20 per cent of the market research business in the UK.

AGB is also responsible for providing the raw material for the BARB television viewing figures – a contract Nielsen would also like to win.

# Pearson interested in Maxwell businesses

By Raymond Snoddy

PEARSON, the publishing, banking and industrial group, is still interested in acquiring parts of the collapsed Maxwell empire despite its decision not to go ahead with a bid for Mirror Group Newspapers.

Pearson, owner of the Financial Times, would like to buy the college publishing division of Macmillan in the US, which has turnover of about $100m (£56m), and is also interested in some of the Maxwell business magazines in the Maxwell Business Communication division.

The college publishing business would fit well with Addison-Wesley, the main Pearson educational publisher in the US. Macmillan, the main asset of Maxwell Communication Corporation, successfully applied for Chapter 11 protection under US bankruptcy law which shields the company's assets from creditors during reorganisation.

It is still unclear which Macmillan businesses will come onto the market, but Pearson is unlikely to be a candidate to buy all of Macmillan.

The Pearson announcement that its flirtation with the possibility of making a bid for MGN is over seems to be final rather than a tactical manoeuvre. The company is interpreting its formal announcement to the Stock Exchange, confirmed on Monday, as effectively barring any involvement for six months as if a bid attempt had actually been made.

Mr Frank Barlow, group managing director, insisted that there was no split on the Pearson board on the issue: "That is the absolute truth," he said.

On MGN, it seems it was Mr Barlow, a former Mirror executive in the 1960s, who led his colleagues up the hill and then led them down again.

Pearson's interest flickered when a journalist called Lord Blakenham, chairman and chief executive, to ask if the company was interested. Lord Blakenham was about to say no when Mr Barlow advised delay.

"There's £70m a year cash flow in there," was Mr Barlow's first thought. Within a few days Lord Blakenham and other Pearson directors became enthusiastic although Mr James Joll, finance director, was negative about the idea from the outset.

Pearson, emphasising that it was only interested at the right price, asked Lazard Brothers, its financial advisers in which it has a 50 per cent stake, to investigate. Although it was impossible to get detailed figures, Mr Barlow said that Lazards called the week before Christmas to set out the numbers: that about £400m was missing from the Mirror pension fund, some £100m from the company and there was normal debt of about £340m following the May flotation of MGN.

"When I heard those figures it seemed to me that it was very unlikely that the deal was going to be possible," Mr Barlow said.

In fact similar numbers had been around for quite a number of weeks. At about the same time as the FT revealed the Pearson interest the paper had also been reporting that £350m had gone from the MGN pension fund and that it was feared that £95m had been siphoned off from the newspaper group.

The weight of numbers, the uncertainty, the delay and the amount of management time that would have to be diverted convinced Mr Barlow that Pearson should not go ahead. He added that the reaction of the City was not a factor.

Mr Eric de Bellaigue, publishing analyst at Panmure Gordon, had been very negative. He said that the FT and the Daily Mirror had nothing in common apart from a tinge of pink.

"It also sits uncomfortably with the emphasis on expansion in growth markets – popular newspapers in the UK are in the business of fighting over a slowly diminishing cake," he added.

Mr Barlow pointed out other analysts were more positive.

Last Monday Mr Barlow advised his executive management committee that he thought the idea should be dropped. This view was endorsed at a routine board meeting last Friday. The discussion lasted just 20 minutes.

# Hoare Govett concentrates on corporate broking

By Bronwen Maddox

IN A move expected in the City for weeks, Hoare Govett, the securities firm, yesterday cut 80 jobs from its staff of 440, slicing research and market making in order to concentrate on corporate broking.

The firm, which has been looking for new backers since October when Security Pacific, its owner, merged with BankAmerica, is in discussions with potential backers of "many nationalities, including British", said Mr Peter Meinertzhagen, chairman.

He described the changes as "appropriate under any ownership structure", but they are understood to be crucial for its negotiations with new investors.

Until the SecPac merger, the firm was planning a management buy-out of 51 per cent, and a gradual earnout over 10 years of the balance. The management hopes to have a stake in any new ownership.

However, Mr Meinertzhagen said yesterday that the management could not – even after the trimming of the business – finance a full MBO unless it operated on the bare minimum capital "which would be unwise". Capital of about £50m is thought to be needed to support the firm's annual costs.

There are three main changes:

- The number of stocks researched will fall by 30 per cent, but the firm estimates that it still covers 80 per cent of the UK stock market's value. Its eight-strong economics team has been cut to three, and Mr Richard Jeffrey, the firm's leading economist, departs.
- It will stop market making in stocks in which it has less than about 7 per cent market share – cutting its coverage by 137 to 400 equity, convertible and ADR stocks.
- Its mergers and acquisition department closes, with the loss of some 10 jobs – the department had begun to conflict with the interests of the firm's corporate clients.

Mr Meinertzhagen said that he regarded these activities as expendable for a corporate broker.

However, some institutions said yesterday that they were puzzled that the moves appeared to leave the firm part-way between a niche business and a generalist.

Executives in rival broking houses said that they feared that the burden of comprehensive coverage was an inescapable consequence of the market's intense competition, and a fundamental change in its structure since Big Bang.

In Mr Meinertzhagen's view "Some of the old past practices are now seen to be more effective than today's integrated houses. Those don't have the the ethos of the individual, and Hoare Govett has survived because of that ethos. This is not nostalgia."

# Fall in UK sales behind 46% decline at Eurotherm

By Michiyo Nakamoto

A HEFTY fall in UK sales was behind lower-than-expected results at Eurotherm International, the control equipment and systems group, which reported a 46 per cent fall in pre-tax profits from £13.2m to £7.15m in the year to October 31.

The decline also reflected net exceptional costs of £1.86m arising from redundancy payments.

Eurotherm is, however, raising its final dividend to 4.7p (4.55p) for an increased total of 7.2p (7.05p). This is covered about 1.5 times by earnings per share of 10.6p (19.6p).

The results reflected a satisfactory performance, considering the double digit decline in industrial investment in both the UK and the US, said Mr Claes Hultman, the new chief executive who joined the group in September.

The decision to increase the dividend was based on confidence in the future of the group, following the restructuring carried out last year and measures to cut costs and raise profitability, he said.

In the period concerned, however, the group had found it very difficult to find customers willing to spend any money in what had been "a pretty lousy year economically," said Mr Jack Leonard, chairman.

The UK had been particularly affected by the slowdown in industrial activity. While overseas sales fell marginally to £117.2m (£117.2m) turnover in the UK declined by 14 per cent to £40.6m (£47.2m), taking overall turnover down to £157.7m (£164.4m).

Cost cutting measures have led to savings of £3m a year, but redundancies would be an ongoing process while businesses that did not fit into the new structure would be disposed of.

In addition, tight financial controls were being augmented by steps to raise profitability, particularly in the UK, by increasing margins and moving out of low profitability areas.

Claes Hultman: confident about the group's future

**● COMMENT**

Investors must be wondering when Eurotherm will be able to put the shine back on its rather dull performance of late. Strong trading in the first two months of this financial year was followed by a disappointing December which has made Eurotherm understandably cautious about prospects for this year. Having taken a good chunk of costs out of operations and with the new business structure in place, the focus will be on whether the strategy is going to work. While management is making encouraging noises about new markets for its products and the group's ability to raise profitability, it will probably take at least a noticeable upturn in the UK to prove that the new structure is going to impact on sales. The chances are that Eurotherm has a lot to look forward to when industrial activity does pick up. But with the UK proving slow to come out of recession the pay-off looks unlikely to come for some time yet. Until there is stronger evidence of these benefits coming through, the shares have little to recommend them, making a prospective multiple of 16 on forecast pre-tax profits of £13m high enough.

# US legal actions against PPI

By David Barchard

THREE SEPARATE US legal actions against directors and auditors of Polly Peck International have emerged, adding a further twist to the complex legal disputes already surrounding the collapsed fruit and electronics group.

"We want the money we paid back plus damages," said Mr Walton Bade, a lawyer acting for Lindner Fund, a Louisiana mutual fund which lost $7m (£3.9m) on investments in the group.

Mr Bade said that if successful, his action might have a direct bearing on Polly Peck's main US asset, PPI Del Monte, the pineapple export business bought by Polly Peck in 1989 and which the administrators are planning to float on the New York Stock Exchange this year to raise funds to pay creditors.

Lindner has brought actions against all the directors of Polly Peck International and its auditors, under two separate sections of the US Securities Act covering fraud and the filing of false or misleading reports with the Securities and Exchange Commission. It is claiming punitive damages.

Lindner Fund has also launched personal bankruptcy proceedings against Mr Asil Nadir, the former Polly Peck chairman, in a New York federal court. Mr Nadir was declared bankrupt in the UK two months ago.

The Lindner action is not the first to be brought in the US. Last May, Stull, Stull & Brody, a New York law firm, launched a class action against Mr Nadir and the company on behalf of other US shareholders.

In London yesterday the central bank of the internationally unrecognised Turkish Republic of Northern Cyprus lost a High Court application to get a freezing order on its assets relaxed to allow it to withdraw funds from deposits held in the UK. The bank is one of seven defendants in an action brought by the administrators of Polly Peck to recover company funds. Five defendants, including the bank, have been served a freezing order on their assets.

# Greycoat denies it will breach bank covenants

By Vanessa Houlder, Property Correspondent

GREYCOAT, the property company the shares of which have nearly halved in the last two weeks, yesterday said that Mr Geoffrey Wilson, its founder and executive chairman, had a successful heart bypass operation on Monday.

Mr Wilson will take some months to recover from the operation, which was not preceded by any illness.

It is expected that Mr Richard Guignard, finance director, will take charge in Mr Wilson's absence. The issue will be decided by a board meeting at the end of the week. It is likely that the company will consider a permanent split between the roles of chairman and chief executive.

The share price has come under pressure due to rumours that the company is likely to break its banking covenants and that it will not be able to refinance its Embankment Place office block in the bond market.

The company has denied that it has breached it covenants. It said that its Embankment Place bond issue, which is being handled by Dumas West, is progressing smoothly and is likely to be signed at the end of the month.

Greycoat's share price was unchanged yesterday at 60p.

# Prudential's new business holds firm in recession

By John Authers

DESPITE THE recession, Prudential Corporation's new business held firm last year.

New annual premium business, more vulnerable when consumer confidence is low because it requires long-term saving commitments, dropped slightly from £663m to £662m.

But single premium business increased by 25 per cent to more than £3bn.

Single premium products showed strong growth in the UK, rising 52 per cent to £1.4bn (£926m). Most of this came from the Prudence Bond, a single-premium bond investing in the Prudential's main with-profits fund, which was launched through independent intermediaries in May and took in £350m. The Prudential is also now distributing the bonds through its own sales force.

Mr Peter Nowell, chief actuary, said he had no plans to follow the lead of other offices and withdraw the bonds from the market.

The other main sources of new business were additional voluntary contributions to pensions, popular when people are worried about their jobs, and "transfer bonds" which receive transfers from pension plans when the holders are made redundant or change jobs.

Mr Mick Newmarch, group chief executive, said: "The strong growth in single premiums is all the more pleasing given the current recession and the major restructuring of our direct sales operation."

Outside the UK, sales of annual premium products fell 8 per cent to £172m, while single premium business rose by 9 per cent.



## NEWS DIGEST

# Burndene shares show 50% rise

SHARES IN Burndene Investments yesterday rose by almost 50 per cent to 175p, the highest level for almost three years, following the announcement of annual pre-tax profits ahead by 14 per cent, writes Nigel Clark.

The increase was the result of a second half recovery at Willerby Caravans and a continued improvement at Pretty Legs, the hosiery manufacturer.

Mr David Caldow, chairman, said that the weather had played an important part in the results.

Following two warm summers the more typical weather in the first part of 1991 helped the hosiery side while the sunnier climate from the third week of July onwards came in time to boost the caravan business.

He added that Willerby had a "most creditable performance" in difficult market conditions and succeeded in increasing its share of a reduced market.

In the first quarter of the current year sales of caravan holiday homes were slightly higher while the hosiery division had maintained sales. However, on prospects Mr Caldow said that they were governed by the rate of recovery in the UK economy and the weather.

Pre-tax profits for the year to September 28 were £4.33m (£3.81m) and followed interim results of £1.47m (£2.19m).

Divisional breakdown showed that caravan manufacturing and park operating contributed £2.98m (£3.31m) with £686,000 (£219,000) from hosiery.

Turnover was lower at £47.3m (£49.3m) and the pre-tax figure was struck after lower net interest costs of £576,000 (£730,000).

From earnings per share of 29.31p (24.88p) directors are proposing an increased final dividend of 6.5p for an unchanged total of 8.5p.

## Poor response for Cluff rights issue

Cluff Resources has failed to find many takers for its £8.4m, 11-for-20 rights issue. More than 60 per cent was left with sub-underwriters.

Kleinwort Benson Securities, Cluff's advisers, said acceptances had been received in respect of 9.7m new ordinary shares, representing 37.8 per cent of the total offered to shareholders at 34p each. Last night the shares closed 1p up at 32p.

Hutchison Group, which owns 24.6 per cent of Cluff, had irrevocably undertaken to take up its entitlement, suggesting shareholders took only 13.2 per cent.

The cash raised will be used to develop a new gold mine in Ghana, which the company said was another step in its transformation into an old-style mining finance house focusing on Africa and gold.

At present its income comes from gold mines in Zimbabwe.

## Nobo cut to £62,000 in line with warning

In line with forecasts and as a result of some of the poorest trading conditions in its history, Nobo Group, the office products company, reported sharply reduced interim profits, down from £1.29m to £62,000 pre-tax.

The figure for the six months to October 31 was hit by a £227,000 exceptional charge for compensation to a senior director who left the group.

Turnover was down 23 per cent from £12.9m to £9.92m, with office furniture being worst affected. Operating profit was down at £658,000 (£1.86m), and interest charges were reduced from £513,000 to £369,000.

Earnings per share came out at 0.06p (7.93p). There is a reduced interim dividend of 1p (2.42p).

The company also announced that Mr Reg Barr, executive chairman, was to become non-executive chairman.

## Aerospace Eng dives £271,000 into loss

Exceptional charges of £391,000 relating to cost-cutting and reorganisation threw Aerospace Engineering into the red in the six months to October 31.

The Wiltshire-based specialist engineer reported a pre-tax loss of £271,000 for the period, against profits last time of £1.38m. Turnover declined to £15.1m (£18.2m).

Mr John Davies, chairman, said the outcome for the second half was "unlikely to improve" on the first six months. "I do not now believe that we will see any significant upturn in trading during the current year" he stated.

The group has made efforts to reduce borrowings and plans to sell certain "non-core" assets. Interest charges during the period amounted to £736,000 (£609,000).

Losses per share emerged at 0.47p (earnings of 2.55p); the interim dividend is cut from 1.56p to 0.5p.

## Power Corp awaits end of joint venture

Power Corporation, the Dublin-based property company, saw pre-tax profits for the nine months to September 30 fall to I£5.1m (£4.8m), compared with I£6.68m for the six months to June 30 1990.

Mr Robin Power, chairman, said the results were satisfactory in the light of the delay in unwinding the company's joint venture with Brent Walker.

He added that agreement had been reached with the Brent Walker board but was subject to the consent of Brent Walker's bankers, expected in the next few weeks. A statement would be made once full agreement was reached.

The joint venture covers the Trocadero, in London's West End, the nearby Island Site, and sites in Los Angeles and Blackpool.

Turnover was I£13.1m, against I£22.7m. Earnings per share were 3.42p (4.44p) and the interim dividend is 2p (1.9p).

## Exeter Preferred target increased

Greig Middleton, the broker, has increased its target for the Exeter Preferred Capital Investment Trust from £50m to £60m, having raised £40m in pre-placing.

The prospective redemption yield on the ordinary shares, which will accrue largely in terms of capital growth, has risen from 13.5 to 13.6 per cent. The application list opens today.

## Debenham Tewson declines to £727,000

The continuing recession in the property market hit industry advisers Debenham Tewson & Chinnocks, where turnover for the half year to October 31 fell from £20.5m to £16.6m and pre-tax profits dropped from £2.05m to £727,000.

The company has cut its costs by £2.7m, but is still gloomy about the future.

"There are few prospects of an early comprehensive recovery," said Mr Richard Lay, chairman. "The second half of our financial year will not be easy and I look beyond 1992 for the beginning of a worthwhile recovery in our markets."

Earnings per share came out at 1.22p against 4.11p last time, and there is a reduced dividend of 1p (2.4p).

# Royal Life maintains bonuses on endowments

By John Authers

ROYAL LIFE, the life arm of Royal Insurance, has maintained the bonuses on its endowment savings policies.

Final pay-outs on 25-year term policies increased by 12 per cent, the highest increase recorded by a life company so far this year. However, Royal's performance on 25-year policies is still a long way behind its competitors – using standard industry assumptions, a 25-year Royal Life policy now pays out £55,062, while Commercial Union announced last week that an exactly equivalent policy would pay out £65,596.

Pay-outs on 10-year policies fell 5 per cent, in line with an almost universal trend in the industry. Royal Life appears to agree with the theory expressed by Norwich Union when it announced its bonuses last month that investment returns will be lower in the next decade, thanks in part to the discipline of membership of the Exchange Rate Mechanism.

Mr Icki Iqbal, actuary for Royal Life, said: "We may be entering a decade of low inflation, with consequently lower investment returns. Any reduction in bonus rate that is brought about by an era of stable money must be seen as good news for customers."

## UK COMPANY NEWS

# Sharp recovery buoys Howden

By Jane Fuller

HOWDEN GROUP, the Glasgow-based engineering concern that was brought low by a contract to supply tunnelling machines to Denmark, showed a sharp recovery to £5.81m in pre-tax profits for the six months to October 31.

This compared with £214,000 last time, which was overshadowed by tribulations over the £41m contract to supply four machines to bore twin rail tunnels under the Great Belt waterway.

Howden said yesterday the dispute with MT Group, its customer, was being fought out in courts in Denmark and Scotland. It still had not been paid the £10m outstanding on the contract. MT's claim for damages exceeded the £12m contractual limit "by a large margin".

No provisions had been made for either amount. The board had taken this decision based on legal advice, the insurance position and its substantial counter claim.

In July Howden announced a 1-for-1 rights issue to raise £30.6m to reduce borrowings of nearly £76m, compared with shareholders' funds of £60.3m at the end of April.

Howden said yesterday that net debt at the half-way stage was about £45m, gearing of less than 50 per cent. It was being reduced further in the second half.

Turnover fell from £148m to £138.3m. Work on the Great Belt machines had pushed up the figure in the previous period and their completion more than accounted for the turnover decline.

Operating profit jumped from £4m to £9.1m and interest costs were reduced to £3.31m (£3.78m). As the rights issue cash was only in for two months, a greater benefit would be felt in the second half.

Howden said the air and gas division, which accounts for 50 per cent of the business, gave an encouraging performance.

In construction and mining – just over 25 per cent of sales – Wirth exceeded expectations.

Defence and aerospace markets had been slowed down by the "peace dividend", but the division continued to produce good profits. Processing and packaging had experienced some softness in demand from food companies.

The interim dividend, which was maintained at 1.59p last time in spite of 0.7p losses per share, is cut to 0.7p. This resumes payments after a passed final. Interim earnings per share were 2.2p, adjusted for the rights issue.

# UniChem pharmacists put £12.5m into rights

By Jane Fuller

THE 4,000 pharmacists who hold shares in UniChem, the pharmaceuticals wholesaler that supplies them, put about £12.5m – an average of more than £3,000 each – into the group's £35.1m rights issue.

Overall, the 1-for-4 issue was 86.3 per cent taken up, with the pharmacists participating to a greater degree than expected. UniChem said their combined interest would come down from 60 per cent, but remain at more than 50 per cent.

The outstanding shares have been subscribed for at a premium to the 148p issue price. The share price gained 10p to close at 182p yesterday.

UniChem said it had about £25m cash in the bank after the issue and after the £27m acquisition, for shares and cash, of E Moss, which has 92 retail outlets mainly in the south-east of England.

The group's intention to expand its retail activities had already been flagged by its bid for Macarthy, which was referred to the Monopolies and Mergers Commission – a decision is expected within the next few weeks.

UniChem also has plans to expand its wholesaling business in continental Europe.

The rights issue was accompanied by a pre-tax profits forecast of £21m for 1991, compared with £16.4m.

# Recession blamed for £0.75m loss at Bucknall

By Paul Cheeseright

BUCKNALL GROUP, the quantity surveyor and project manager, felt the full force of recession in the construction industry during its first half and, as it had warned, tipped into loss.

However, the group was now trading profitably, Mr David Bucknall, chairman, said yesterday.

Pre-tax losses for the half year to October 31 amounted to £752,000, against profits of £542,000 last time, on turnover down to £8.59m (£10.4m). This translated into losses of 5.6p per share against earnings of 4.4p. No interim dividend is declared (1.3p).

Although Mr Bucknall expected little improvement in UK trading conditions this calendar year – "the downward slope of demand is flattening out a bit, it's approaching the bottom" – the group has sought to stem losses by trimming costs and becoming more active in overseas markets. By the end of the current financial year nearly 25 per cent of turnover will come from outside the UK, double the 1990-91 proportion.

But gearing remains higher than expected at 68 per cent, against 129 per cent in April 1991. It is likely to stay at about the present level in the face of sustained pressure on UK margins.

## Nottingham Co-op seeks CWS merger

The Greater Nottingham Co-operative Society, one of the largest co-operative societies still trading independently, has approached the Co-operative Wholesale Society about a possible merger, writes John Thornhill.

Its incorporation into the CWS would confirm the trend of recent years which has shown a marked consolidation of the co-operative movement.

The GNCS, which employs about 7,000 people, last year turned over £381.4m and made operating profits of £9.4m. It runs 113 grocery stores and 70 non-food stores and also offers funeral, garage and travel services.

# Looking down the wrong end of the barrel

## Peggy Hollinger on the expensive habits of the former Great Western Resources chief

THE residents of Friockheim, a small Scottish village north of Dundee, have a certain way of knowing when Dan Pena is entertaining at his castle home: they listen for the gunshots.

For Mr Pena, chairman until recently of Great Western Resources, the troubled US-based oil and gas company quoted in London, likes to take some of his visitors hunting – at night. Positioned on the raised back seat of his four-wheel drive buggy, guests are driven around his 156-acre estate at high speed, gunning for rabbits.

But these days, Mr Pena – who proudly displays big game trophies, including a stuffed buffalo, in the castle rooms – may feel as though he is on the other end of the barrel.

Great Western shareholders, unhappy with the collapse of the company's share price from 238p in August 1990, to 8p last night, have forced his departure from the company he founded 10 years ago.

Mr Pena makes no bones about it, he did not want to go. "I was terminated without cause," he says unashamedly.

The story is a familiar one to Pena, who was unseated from his previous company, JPK Industries, following a "boardroom split" in 1982. As with Great Western, the board members had decided in Mr Pena's absence to vote him out of the oil refining and marketing company.

A former Wall Street whizz-kid with Bear Sterns – and alleged to be the US investment bank's youngest vice-president back in the 1970s – Mr Pena has travelled a controversial path during his time in London.

He set up Great Western just months after his abrupt departure from JPK, with less that $820 and in his son's nursery.

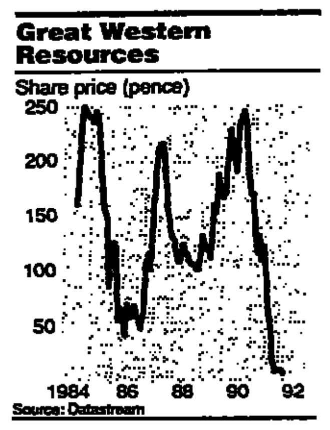
In 1984, the company was floated in London with a board including the then-Governor of New York, Hugh Carey. Some years later, a young oil analyst who had helped to float the company, joined the board. His name – Peter Lilley. Mr Lilley quit the company when he became a member of Margaret Thatcher's cabinet.

Even in the early years, analysts relate that Mr Pena was a larger-than-life figure who kept a pistol in the drawer of his office desk.

Stories about his expensive habits are legend. In fact, many of these were behind increasing shareholder dissatisfaction with the way he ran Great Western.

Guthrie Castle, near Friockheim, Dundee: scene of late night rabbit hunting

Dan Pena: I was terminated without cause




"He thought nothing of ordering £250-£300 bottles of wine when he was in London," said one close associate who dined with him at Le Gavroche. "And the company was paying."

Shareholders, including the normally reclusive Kuwait Investment Office, formed a coalition to force his removal when it became apparent that Mr Pena had received more than $2m in expenses and loans from the company without the shareholders' approval. For his part, Mr Pena claims the company believed it did not need approval.

With some bitterness he notes a comment from one shareholder that, had GWR not fallen foul of its largest customer, the South Carolina Public Services Authority, no-one would have cared how much he received in corporate money. The group lost some $32m in coal shipments while SCPSA withheld payment due to a contract pricing dispute.

The deal now being hammered out by GWR and Mr Pena's lawyer – he says defiantly he has hired the highest-paid plaintiff lawyer in the US "just as a safeguard" – will involve the repayment of $1.4m of loans.

GWR is determined that the loans will come from his pay-off and Mr Pena is equally determined to get his golden handshake – no matter how. "I'm a litigious person," he says with some relish. "Litigation keeps people honest."

Until 1989, Mr Pena worked for GWR without an employment contract. It was not until entrepreneur Laurence Hockey-Sweeney offered to buy Mr Pena's 43 per cent voting stock that the board decided to issue contracts. "Shareholders thought it was a good idea at the time," says Mr Pena.

In spite of his love of the good life, Mr Pena lived off a relatively insignificant salary, and the dividends paid on his stake.

GWR's dividend policy has come under attack recently by the very shareholders who benefited for so many years. "One begins to wonder whether one was being fed a line," said one significant shareholder who prefers to remain anonymous. "The argument was that there was more emphasis on dividend in the UK."

Mr Pena acknowledges that some shareholders preferred to see the dividend go into exploration – which is more usual in oil and gas comapnies – but he said the dividend policy said it had been designed to draw in a broader shareholder base.

However, in spite of his salary – which was considerably less than the $600,000 he was getting last year, he says – Mr Pena was able to fund the $1m purchase and $4m refurbishment of a run down Scottish castle.

The estate, a rambling Victorian mansion, holds an entire leisure centre, a squash court, and is furnished to a high – and expensive – standard.

Mr Pena is proud of the portraits he commissioned from artist Howard Morgan of himself and his wife.

When asked if he now intends to retire to the seclusion of his Scottish estate, Mr Pena replies that "anything is possible". Even political office. Having once considered running for the governorship of California, Mr Pena's ambitions are obviously boundless.

# Barbour Index rides the recession with 5% rise

By Graham Deller

THE well-documented recession in the construction industry has failed to dent profits growth at Barbour Index, the Windsor-based specialist information supplier.

On turnover ahead from £6.94m to £7.17m, the pre-tax line for the half year to end-October rose some 5 per cent to £2.78m (£2.66m). The shares rose 12p to 191p.

"The recession is still with us, it just means we have to work a lot harder and be a good deal smarter" said Mr Jack Dunn, appointed chief executive in a revamped management structure.

This has seen the group split from two to four operating divisions: the renowned and weighty compendium – "you could build buildings with it" Mr Dunn said – used as a reference manual by the construction industry; the telephone enquiry service, the microfile, used by quantity surveyors and architects; and the health and safety division, which was doing "bloody well" according to Mr Dunn and had expanded last October into the expanding food safety market.

The company spent some £600,000 on refurbishing its freehold offices, but still had cash of £3.7m, up about £200,000, at the period end.

The interim dividend goes up from 2.2p to 2.4p, payable from earnings of 11.1p (10.5p) per share.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Aerospace Eng .......int | 0.5† | Apr 3 | 1.56 | - | 3.12 |
| Barbour Index .........int | 2.4 | Apr 6 | 2.2 | - | 6.6 |
| Bucknall ....................int | nil | - | 1.3 | - | 4.8 |
| Burndene Invs .........fin | 6.5 | - | 5.5 | 6.5 | 8.5 |
| Debenham Tewson .int | 1 | Feb 25 | 2.4 | - | 6 |
| Eurotherm Intl .........fin | 4.7 | - | 4.55 | 7.2† | 7.05 |
| Howden .....................int | 0.7† | May 1 | 1.59 | - | 1.59 |
| Nobo ..........................int | 1 | Mar 6 | 2.42 | - | 6.6 |
| Power Corp ..............int | 2♣ | Feb 21 | 1.9 | - | 5.76 |
| Stakis .........................fin | 0.45 | Apr 10 | 1.8 | 0.9 | 2.7 |

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues. ♣Irish currency.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Asda, Colorvision, Pelican, Wyko, Zetters.

Finals- First Leisure, First Philippine Inv Trust, Group Development Capital Trust, London Scottish Bank, Southern Business.

FUTURE DATES

| | |
|---|---|
| Interims- | |
| Allied Leisure | Feb. 12 |
| Bernato Exploration | Jan. 27 |
| Bryant | Feb. 11 |
| Cook (DC) | Jan. 23 |
| Investment Co | Jan. 16 |
| Menzies (John) | Feb 3 |
| Proteus Intl | Jan. 23 |
| Trevian | Jan. 21 |
| Finals- | |
| French (Thomas) | Jan. 16 |
| Newman Tonks | Jan. 22 |
| Rugby | Mar 16 |

## COMMODITIES AND AGRICULTURE

# Minister says Russia to be feeding itself by 1994

By Leyla Boulton in Moscow

RUSSIA'S NEW agriculture minister, Mr Viktor Khlystun, said yesterday that his country needed to import 20m tonnes of grain this year but that its own producers could begin to meet domestic needs in 1994. Russia imported 16m tonnes of grain last year.

He forecast that domestic agricultural production would rise in 1993 and meet demand in 1994 thanks to fast track market reforms by the Russian government to redistribute land this year to all peasants and city dwellers who wish to go into private farming.

The state is abolishing the old system of compulsory deliveries to the state at artificially low prices to improve incentives to sell under the present system. Peasants in future will be required only to sell 35 per cent of their grain to the state - at market prices.

Workers at profitable state and collective farms are being told about the advantages of switching to co-operative, joint stock enterprises or individual holding. But only chronic loss makers would be forced to abandon the state system imposed by Stalin in the 1930s at great cost to both Russian agriculture and the peasantry. The government said it would cut off subsidies to unprofitable farms – even though some of the 2,500 farms with debts would be allowed to stay if they were economically viable.

"We are not going to force these stages through but we will bring the philosophy of agrarian reform [to everybody concerned]," said Mr Khlystun, anxious to reassure public opinion that violent Bolshevik style reform were a thing of the past. But he admitted that one obstacle was to sweeping market reforms was that parliament had yet to abolish a moratorium on the sale of land in the Russian constitution. For the time being, land can only be sold by peasants who have received a share of state land, to other inhabitants of the same region. But he said he had not found strong opposition to reform plans on a recent visit to farming areas – "only the doubts and objections to specific points".

The main problem he suggested was a shortage of finance and equipment to help new farmers get started. "The mood in the countryside is much more stable than in the cities. What worries villagers most is the extremely high price of agricultural machinery and they are also concerned about the shortages of consumer goods on sale in villages," he said.

Mr Khlystun said there was a particularly urgent need for animal feed imports to stem a fall in livestock and dairy production.

The minister, who rejected calls for the government's resignation as "premature", said he also expected food prices in the shops to come down after soaring with radical price reforms on January 2. Although the long term solution was market reform of agriculture and the trade network, he said some producers were already being forced to lower prices for lack of purchasers.

# Sugar imports increased last year

SUGAR IMPORTS to the former Soviet Union were higher in the first 10 months of 1991 than in the whole of 1990, according to figures published in the December monthly report of the International Sugar Organisation, reports Reuter.

Shipped to the former Soviet Union in January to October 1991 were 4.41m tonnes, sugar raw value, compared with 4.08m tonnes in 1990.

January-November 1991 imports from Cuba, at 3.69m tonnes, increased by 270,000 tonnes over the 1990 total but remained unchanged in relative terms, accounting for 84 per cent of total shipments.

# Many zinc mines 'are operating at a loss'

By Kenneth Gooding, Mining Correspondent

BETWEEN 35 and 45 per cent of zinc mine capacity is not covering its operating costs at present low prices and many zinc smelters are not profitable, according to Billiton-Enthoven Metals, part of the Royal Dutch/Shell group.

So it seems logical that more high-cost mines should close this year and that more smelter shut-downs must be expected, it suggests in a special report on the zinc market.

**LME WAREHOUSE STOCKS**
(As at Monday's close)
tonnes

| | | |
|---|---|---|
| Aluminium | +3,750 | to 1,029,800 |
| Copper | −1,525 | to 330,900 |
| Lead | +375 | to 126,375 |
| Nickel | +600 | to 14,136 |
| Zinc | +1,100 | to 158,376 |
| Tin | −195 | to 13,780 |

Zinc production in western Europe, which fell from a peak of 1.14m tonnes in 1985 to about 950,000 tonnes in 1990, is expected to drop again. Metallgesellschaft is to close its Meggen mine in March and this will effectively bring an end to zinc mining in Germany, the report points out.

However, mine and smelter cuts will not be implemented quickly enough to return the market to balance before well into next year and 1992 should see another supply surplus, say the authors, Ms Karen Norton and Mr Angus MacMillan.

They suggest the estimated supply surplus of 175,000 tonnes last year will ease to 105,000 tonnes in 1992 and change to a 70,000 tonnes deficit in 1993.

Consequently, average London Metal Exchange zinc cash prices are likely to average 48 cents a lb in the second quarter of 1992 before picking up to average 58 cents in the final quarter. For this year as a whole, zinc is seen averaging 52 cents against 50.7 cents a lb in 1991, rising to an average of 60 cents in 1993.

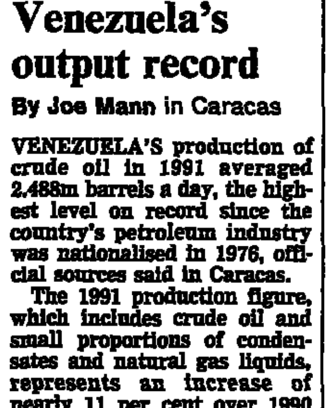
Output of refined lead outside the old eastern bloc countries is forecast to slip from an estimated 5.275m tonnes last year to 5.125m tonnes in 1992 before recovering to 5.2m tonnes next year. Consumption is estimated at 5.2m tonnes for 1991 and forecast to ease to 5.1m tonnes this year and rise to 5.35m tonnes in 1993.

Looking further ahead, the report says zinc demand should enjoy a period of reasonable growth in the 1990s and envisages an underlying rate of 1.5 to 2 per cent a year during the present decade.

*"Zinc Market Report," £250 or $500 from Billiton-Enthoven Metals, 84 Fenchurch Street, London EC3M 4BY, England.*

**Zinc**

Non-socialist world balance in refined zinc (million tonnes)




Sources: International Lead and Zinc Study Group, Billiton-Enthoven Metals

# Sluggish oil demand predicted

By Deborah Hargreaves

GROWTH IN world oil demand is expected to be sluggish this year, according to the International Energy Agency's latest monthly oil market report. The western monitoring body expects an increase in demand of 500,000 barrels a day to 66.8m b/d – 1 per cent above last year's level, which was depressed by the effects of the Gulf war and the recession.

Most of the growth in oil consumption by members of the Organisation for Economic Co-operation and Development is expected to come from North America following a pick-up in economic activity. Demand from the former Soviet Union is expected to decline by 7 per cent to 7.7m b/d.

The IEA noted that production of oil in the former Soviet Union dropped to 9.5m b/d in November – the latest month for which figures are available – leading to an estimate of a decline in output of 1.1m b/d for last year.

Soviet exports stabilised between September and November, the agency said, but were believed to have fallen in the second half of December because of contractual uncertainties arising from delayed renewal of Russian export licences. The agency said it expects a further modest decline in exports from the former Soviet Union this year from 2.1m b/d to 1.8m b/d.

Output by the Organisation of Petroleum Exporting Countries edged higher in December to 24.2m b/d, the IEA said.

# Venezuela's output record

By Joe Mann in Caracas

VENEZUELA'S production of crude oil in 1991 averaged 2.488m barrels a day, the highest level on record since the country's petroleum industry was nationalised in 1976, official sources said in Caracas.

The 1991 production figure, which includes crude oil and small proportions of condensates and natural gas liquids, represents an increase of nearly 11 per cent over 1990 production of 2.249m b/d. Exports of crude oil and refined products in 1991 averaged 2.08m b/d, up more than 10 per cent from the previous year's average of 1.88m b/d.

Venezuela's proven reserves of crude oil totalled 62.8bn barrels at the end of 1991, up 5 per cent from a year earlier. This means that Venezuela continues to hold the largest proved reserves of crude oil in the Western Hemisphere, even without including the country's very large deposits of extra heavy oil located in the Orinoco Belt.

# The cost of saving the spotted owl

By Louise Kehoe in San Francisco

THE US Fish and Wildlife Service is attempting to strike a balance between environmentalists' demands and the interests of the US timber industry, by reducing the acreage of Pacific Northwest coastal forests that must be protected as the "critical habitat" of the Northern Spotted Owl.

The rare bird, which was designated as a "threatened species" last year, has become the focus of a highly charged clash between environmentalists, who claim that logging will destroy the owl's habitat of "old growth" forests, and the timber industry, which fears the loss of thousands of jobs and predicts an escalation of lumber prices.

The dispute has also become a symbol of a much broader debate over the economic impact of US state and federal regulations designed to protect the environment by restricting industrial activity.

In its latest attempt to resolve the spotted owl dispute, the US Fish and Wildlife Service, an agency of the US Interior Department, has designated 6.9m acres of federal forest lands as critical habitat for the owl. That is 4.7m acres less than the agency proposed last year.

The spotted owl was designated as a "threatened species" last year

The protected forests would encompass Federal lands in the states of Washington, Oregon and California in which logging would be curtailed or severely restricted.

By reducing the size of the protected habitat, the federal agency claims that it will save about 1,000 jobs and return 65m board feet to the base of lumber that can be harvested in the region each year. "We recognise the profound impact of potential job losses and have sought to strike a balance between the interests of people and wildlife," said MrJohn Turner, director of the Fish and Wildlife Service. The agency admitted that overall efforts to save the owl were likely to eliminate about 33,000 jobs but said that many of these jobs might be lost anyway, because of the recession, the slow construction market and a reduction in log exports.

The Western Council of Industrial Workers, a labour union representing timber industry workers, said, however, that the government agency was "grossly under-estimating" the impact of protecting the owl's habitat. The union claims that more than 100,000 jobs will be lost if the plan is implemented.

Environmentalists condemned the reduction in protected acreage, however. The decision would lead to a loss of half of the owl population and further destruction of irreplaceable ancient forests, said an official of for the Wilderness Society.

Meanwhile, a US cabinet level committee is conducting hearings in Oregon to consider whether to allow logging to continue in that state, regardless of the effect on the owl. The committee is known as the "God Squad", because it has the power to allow a species to become extinct if it determines the economic impact of protection is too great.

Separately, in California, the state legislature is expected to approve bills that would set a limit on the rate at which old-growth lumber can be harvested and require replanting. The compromise proposals, backed by California Governor Pete Wilson are also supported by several lumber companies and environmental groups.

# Zairean cobalt output forecast to drop

By Kenneth Gooding

COBALT PRODUCTION in Zaire, the world's largest producer, is likely to drop substantially this year, forcing the cash-hungry government to increase prices again, suggests the Wogen Resources minor metals organisation in a note to clients.

Zaire and Zambia between them supply about 70 per cent of the world's cobalt, an essential metal for some of the superalloys used by the aerospace industry and for some motor industry products.

The two countries recently lifted their producer prices from $11 to $25 a lb, responding to a rise in European free market prices which doubled to $30 last year.

Mr Nick French, a Wogen director, points out that the $25 a lb price is valid for only a few months. "Indications are that fresh shipments of cobalt cathodes from Zaire reaching the market before April will be almost zero," he adds.

"Given the high priority for cash in the bankrupt economies of both Zambia and Zaire, with the new President in the former committed to reviving the economy and that of the latter depending on an economic turnround for survival, both will require maximum revenue from cobalt. Thus all pressure will be for a further hike in prices."

He says last year's cobalt price rise resulted from shortfalls in African production for some years. Gecamines, Zaire's state-owned producer, aimed to produce 13,000 tonnes last year but admits it achieved 10,000 tonnes at best. For 1992 various sources have suggested Zaire's output would fall to 6,000 to 7,000 tonnes while one thought that "3,000 to 4,000 tonnes might be more realistic".

Mr French suggests Gecamines is suffering from a "cash problem, not a political problem", in that it needs more than $100m to update its operations.

He warns: "Volatility and high prices will be the main characteristic of the cobalt market in 1992".

## MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

**ANTIMONY:** European free market 99.6 per cent, $ per tonne, in warehouse, 1,650-1,750 (same).

**BISMUTH:** European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.80-3.20 (same).

**CADMIUM:** European free market, min. 99.5 per cent, $ per lb, in warehouse, 1.40-1.50 (1.55-1.65).

**COBALT:** European free market, 99.5 per cent, $ per lb, in warehouse, 32.00-33.00 (32.00-34.00).

**MERCURY:** European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 120-135 (same).

**MOLYBDENUM:** European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.30-2.33 (2.28-2.33).

**SELENIUM:** European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

**TUNGSTEN ORE:** European free market, standard min. 65 per cent, $ per tonne unit (10 kg) $WO_3$, cif, 56-66 (59-67).

**VANADIUM:** European free market, min. 98 per cent, $ a lb $V_2O_5$, cif, 2.30-2.45 (same).

**URANIUM:** Nuexco exchange /value, $ per lb, $U_3O_8$, 8.75 (same).

# Brazil expected to retake lead in coffee sales

By Victoria Griffith in Sao Paulo

BRAZIL EXPORTED 19.46m bags (60 kg each) of green coffee in 1991, worth $1.45bn, figures which the local coffee sector believes will propel Brazil back into its traditional position as the world's biggest coffee exporter, in terms of both volume and earnings.

The results, announced by the Brazilian Federation of Coffee Exporters, represented a 33 per cent increase in volume over 1990, and a 26 per cent increase in earnings. In 1990, Colombia overtook its southern neighbour in terms of receipts from coffee exports, pulling in $1.5bn on 13.9m bags, compared with Brazilian earnings of $1.2bn on 14.6m bags. As Colombia's 1990 sales depleted much of its coffee stocks, the country is expected to register slightly lower results for 1990.

According to coffee traders, Brazil's poor performance in 1990 was caused by international consumers' willingness to pay higher prices for better quality arabica. Colombia's quality is generally considered to be superior to that of Brazil.

Last year, Brazil accounted for an estimated 30 per cent of the world coffee market in terms of volume. Several factors accounted for the surge in Brazilian coffee exports last year. "We had a relatively good harvest," said Mr Orlando Correa, president of the Coffee Trade Centre in Rio de Janeiro. The Brazilian government no longer makes an official estimate of the country's production, but according to Mr Correa the 1991 harvest was about 27m bags. Another reason, Mr Correa said, was that Brazil's coffee farmers were caught in a credit squeeze "and were therefore forced to sell off their stocks to finance their harvest."

## WORLD COMMODITIES PRICES

### MARKET REPORT

Wheat futures were higher at midsession in Chicago supported by a mix of speculative buying in the wake of bullish USDA crop reports on Friday and Monday. The bullish reports include USDA ending stocks estimate, greater-than-expected USDA wheat export inspections, and less-than-expected winter wheat plantings. On the LME copper, lead and zinc prices rallied in the afternoon on market talk that Peru is to close some of the facilities at its La Oroya lead/zinc/copper plant due to high energy costs. Traders said zinc was more vulnerable than some other metals to talk of supply disruptions as it had recently absorbed news that two European smelter closures in the first half of 1992 will take 200,000 tonnes of capacity off the market. The news lifted three-month copper away from a test of the recent 3½-year low of $2,110 a tonne. But dealers believe that with charts and fundamentals bearish, this level could be tested again soon. Gold pulled back from a dip into the $350-a-troy-ounce area on the bullion market. Dealers said the market was in a position to make more progress on the upside and possibly later this week challenge last Thursday's highs between $358 and $360.

Compiled from Reuters

### London Markets

**SPOT MARKETS**

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $14.65-4.70q | |
| Brent Blend (dated) | $18.15-8.30 | +.025 |
| Brent Blend (Mar) | $17.65-7.75 | |
| W.T.I. (1 pm est) | $18.75-8.80q | -0.05 |

| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
|---|---|---|
| Premium Gasoline | $200-203 | +1 |
| Gas Oil | $169-170 | -2.5 |
| Heavy Fuel Oil | $59-61 | +1 |
| Naphtha | $187-190 | +2 |
| *Petroleum Argus Estimates.* | | |

| Other | | + or - |
|---|---|---|
| Gold (per troy oz)♣ | $353.80 | -0.05 |
| Silver (per troy oz)♣ | 408.5c | |
| Platinum (per troy oz) | $332.0 | -1.75 |
| Palladium (per troy oz) | $81.0 | -1.25 |
| Copper (US Producer) | 98.16c | -0.20 |
| Lead (US Producer) | 37.0c | |
| Tin (Kuala Lumpur market) | 14.82r | -0.01 |
| Tin (New York) | 263.75c | -0.75 |
| Zinc (US Prime Western) | 62c | |
| Cattle (live weight)† | 105.72p | -0.38* |
| Sheep (live weight)†♠ | 104.09p | +5.34* |
| Pigs (live weight)† | 82.21p | -2.27* |
| London daily sugar (raw) | $216.6t | -2.0 |
| London daily sugar (white) | $267.0t | -1.0 |
| Tate and Lyle export price | £227.5 | -1.5 |
| Barley (English feed) | £124.5 | |
| Maize (US No. 3 yellow) | £147.0 | |
| Wheat (US Dark Northern) | £101 | |
| Rubber (Feb)♥ | 50.50p | +0.5 |
| Rubber (Mar)♥ | 50.75p | +0.5 |
| Rubber (KL RSS No 1 Feb) | 214.5m | |
| Coconut oil (Philippines)§ | $765y | |
| Palm Oil (Malaysian)§ | $365.0y | |
| Copra (Philippines)§ | $405.0t | -2.5 |
| Soyabeans (US) | £146.5 | -1.0 |
| Cotton "A" index | 58.40c | |
| Wooltops (64s Super) | 408p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

**SUGAR – London FOX** ($ per tonne)

| Raw | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 184.00 | 186.00 | 185.00 | 182.00 |
| May | 185.00 | 188.00 | 186.20 | 186.00 |
| Aug | 190.00 | 189.80 | 188.00 | |
| Oct | 188.00 | 189.80 | 188.00 | |

| White | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 266.4 | 267.5 | 268.0 | 265.1 |
| May | 270.6 | 273.1 | 272.0 | 269.0 |
| Aug | 273.0 | 275.0 | 274.0 | 271.5 |
| Oct | 258.5 | 263.0 | 259.0 | 258.7 |
| Dec | 258.1 | | 259.0 | 258.0 |
| Mar | 258.5 | | 258.0 | 256.7 |

Turnover: Raw 286 (428) lots of 50 tonnes. White 1284 (640 )

Paris- White (FFr per tonne): Mar 1454.72, May 1491.43

**CRUDE OIL – IPE** ($/barrel)

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 17.94 | 17.95 | 18.12 | 17.81 |
| Mar | 17.88 | 17.70 | 17.91 | 17.58 |
| Apr | 17.56 | 17.60 | 17.75 | 17.51 |
| May | 17.50 | 17.55 | 17.69 | 17.48 |
| Jun | 17.48 | 17.51 | 17.70 | 17.46 |
| Jul | 17.62 | 17.59 | 17.52 | |
| Sep | 17.59 | | 17.59 | |
| IPE Index | 17.67 | 17.05 | 17.67 | |

Turnover 28000 (34307)

**GAS OIL – IPE** ($/tonne)

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 165.75 | 168.00 | 172.00 | 165.00 |
| Mar | 165.75 | 167.50 | 171.25 | 165.00 |
| Apr | 164.00 | 165.25 | 166.50 | 164.00 |
| May | 163.25 | 165.00 | 168.00 | 163.25 |
| Jun | 163.50 | 165.50 | 167.25 | 163.00 |
| Jul | 165.00 | 167.25 | 169.00 | 165.00 |
| Aug | 167.25 | 169.50 | 168.50 | 168.00 |

Turnover 14000 (12235) lots of 100 tonnes

**JUTE**

January/February c and f Dundee BTC $425, BWC N/O, BTD $400, BWD N/O; c and f Antwerp BTC $410, BWC $410, BTD $380 BWD $380.

**COTTON**

Liverpool- Spot or shipment sales amounted to 334 tonnes for the week ended January 10, compared with 240 tonnes in the previous week. Improved demand brought moderate purchases, mainly in African and American descriptions. Support was forthcoming in certain specialist styles notably in the Middle Eastern range.

**COCOA – London FOX** (£/tonne)

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 728 | 729 | 728 | 723 |
| May | 762 | 755 | 754 | 750 |
| Jul | 777 | 782 | 780 | 776 |
| Sep | 802 | 806 | 805 | 801 |
| Dec | 835 | 841 | 839 | 834 |
| Mar | 864 | 871 | 867 | 865 |
| May | 882 | 888 | 886 | 884 |

Turnover: 4626 (3848) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Jan.13 905.13 (907.01) 10 day average for Jan.14 916.81 (922.46)

**COFFEE – London FOX** ($/tonne)

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 1030 | | 1025 | 1017 |
| Mar | 1005 | 1004 | 1005 | 995 |
| May | 1000 | 996 | 1002 | 993 |
| Jul | 1012 | 1010 | 1013 | 1005 |
| Sep | 1025 | 1025 | 1025 | 1020 |
| Nov | 1040 | 1039 | 1040 | 1038 |

Turnover:1024 (595) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Jan. 13: Comp. daily 62.29 (62.68) 15 day average 62.06 (62.02)

Sterling close: January £585 , March £574

**POTATOES – London FOX** (£/tonne)

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 118.8 | 120.8 | 119.0 | 118.4 |
| May | 139.0 | | 139.0 | 137.0 |

Turnover 126(8) lots of 20 tonnes.

**SOYAMEAL – London FOX** (£/tonne)

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 127.00 | 127.50 | 127.00 |

Turnover 25 (33) lots of 20 tonnes.

**FREIGHT – London FOX** ($10/index point)

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 1556 | 1546 | 1555 | 1551 |
| Feb | 1585 | 1576 | 1590 | 1585 |
| Mar | 1605 | 1595 | 1605 | 1600 |
| Apr | 1608 | 1600 | 1608 | 1605 |
| Jul | 1403 | 1390 | 1403 | 1395 |
| BFI | 1508 | 1494 | 1508 | |

Turnover 202 (223)

**GRAINS – London FOX** (£/tonne)

| Wheat | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 128.30 | 127.60 | 128.40 | 127.80 |
| May | 131.90 | 131.20 | 132.00 | 131.30 |
| Jan | 119.00 | | 119.00 | |

| Barley | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 119.10 | | 119.50 | 119.00 |
| Mar | 121.30 | 120.45 | 121.40 | 121.30 |

Turnover: Wheat 124 (250), Barley 35 (21).
Turnover lots of 100 Tonnes.

**PIGS – London FOX** (Cash Settlement) p/kg

| | Close | Previous | High/Low |
|---|---|---|---|
| Jan | 109.0 | 109.0 | 108.8 |
| Feb | 109.0 | 109.0 | 108.5 |
| Mar | 109.0 | 110.0 | 108.5 |
| Apr | 109.0 | 110.5 | 108.5 |

Turnover:23 (93)lots of 3,250 kg

**MGMI – London FOX**

| | Close | Prev. | High | Low | Vol |
|---|---|---|---|---|---|
| Indx | 128.20 | 128.52 | | | |

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Total daily turnover 42,421 lots |
| Cash | 1121.5-2.5 | 1128-9 | | 1115-5.5 | | |
| 3 months | 1145.5-6.5 | 1152-3 | 1155/1138 | 1139-9.5 | 1143-4 | 123,311 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Total daily turnover 28,835 lots |
| Cash | 1167-8 | 1165-6 | 1176/1157 | 1156.5-7 | | |
| 3 months | 1197-7.5 | 1195-5.5 | 1207/1188 | 1187-7.5 | 1206-7 | 110,500 lots |
| **Lead (£ per tonne)** | | | | | | Total daily turnover 5,108 lots |
| Cash | 283.5-4 | 289.25-90.2 | 281 | 281-1.25 | | |
| 3 months | 296-6.5 | 301.5-2 | 299/294 | 293.5-4 | 297.5-8 | 16,794 lots |
| **Nickel ($ per tonne)** | | | | | | Total daily turnover 3,608 lots |
| Cash | 7280-90 | 7315-25 | 7270/7265 | 7265-70 | | |
| 3 months | 7350-5 | 7375-85 | 7365/7340 | 7335-40 | 7355-60 | 20,000 lots |
| **Tin ($ per tonne)** | | | | | | Total daily turnover 1,257 lots |
| Cash | 5475-80 | 5475-85 | 5485/5480 | 5482-5 | | |
| 3 months | 5533-5 | 5535-45 | 5535/5525 | 5529-30 | 5528-30 | 5,021 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Total daily turnover 17,815 lots |
| Cash | 1144-6 | 1138-40 | 1144.5/1140 | 1141-2 | | |
| 3 months | 1115-6 | 1110-1 | 1117/1107 | 1114-5 | 1116-7 | 41,984 lots |

LME Closing £/$ rate:
SPOT: 1.7915 3 months: 1.7636 6 months: 1.7448 9 months: 1.7202

**LONDON BULLION MARKET**
(Prices supplied by N M Rothschild)

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 353.85-354.15 | |
| Opening | 354.00-354.40 | |
| Morning fix | 353.40 | 195.357 |
| Afternoon fix | 353.60 | 195.359 |
| Day's high | 354.30-354.60 | |
| Day's low | 352.70-353.00 | |

| Loco Ldn Mean Gold Lending Rates (Vs US$) | | | |
|---|---|---|---|
| 1 month | 3.32 | 6 months | 3.27 |
| 2 months | 3.28 | 12 months | 3.29 |
| 3 months | 3.28 | | |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 224.00 | 404.75 |
| 3 months | 229.80 | 408.75 |
| 6 months | 235.50 | 412.75 |
| 12 months | 246.75 | 421.35 |

**GOLD COINS**
(Prices supplied by Engelhard Metals)

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 353.50-354.50 | 195.50-196.50 |
| Maple leaf | 364.00-365.00 | 201.00-201.50 |
| New Sovereign | 86.25-87.25 | 47.50-48.00 |

**TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Mar | Jun | Mar | Jun |
| 1050 | 91 | 119 | 2 | 8 |
| 1150 | 21 | 50 | 31 | 37 |
| 1250 | 2 | 15 | 111 | 100 |

| Copper (Grade A) | Calls | | Puts | |
|---|---|---|---|---|
| 2000 | 128 | 147 | 5 | 16 |
| 2100 | 49 | 81 | 30 | 52 |
| 2200 | 12 | 38 | 92 | 107 |

| Coffee | Mar | Mar |
|---|---|---|
| 560 | 33 | 9 |
| 600 | 9 | 35 |
| 650 | 2 | 78 |

| Cocoa | Mar | May | Mar | May |
|---|---|---|---|---|
| 725 | 24 | 54 | 22 | 27 |
| 750 | 14 | 40 | 37 | 38 |
| 775 | 8 | 31 | 56 | 54 |

| Brent Crude | Mar | Apr | Mar | Apr |
|---|---|---|---|---|
| 1700 | 32 | 54 | | |
| 1750 | 49 | 71 | | |
| 1800 | 74 | | | |

### New York

**GOLD 100 troy oz.; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 354.6 | 353.8 | 353.1 | 353.1 |
| Feb | 355.2 | 354.5 | 356.5 | 353.3 |
| Mar | 356.2 | 355.4 | 0 | 0 |
| Apr | 357.3 | 356.5 | 358.6 | 355.2 |
| Jun | 359.4 | 358.6 | 360.5 | 357.4 |
| Aug | 361.5 | 360.8 | 362.6 | 360.8 |
| Oct | 363.7 | 362.7 | 363.0 | 361.5 |
| Dec | 366.0 | 364.9 | 367.0 | 364.5 |
| Feb | 368.3 | 367.1 | 0 | 0 |

**PLATINUM 50 troy oz; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 336.3 | 333.6 | 337.0 | 331.0 |
| Apr | 336.3 | 333.6 | 337.0 | 330.5 |
| Jul | 337.8 | 336.1 | 338.5 | 331.0 |
| Oct | 343.1 | 340.4 | 339.0 | 339.0 |
| Jan | 344.3 | 341.6 | 339.0 | 339.0 |

**SILVER 5,000 troy oz; cents/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 407.6 | 406.4 | 404.0 | 403.0 |
| Feb | 408.5 | 407.3 | 0 | 0 |
| Mar | 410.0 | 408.7 | 412.5 | 403.5 |
| May | 413.4 | 412.1 | 416.0 | 407.0 |
| Jul | 416.7 | 415.4 | 417.0 | 413.5 |
| Sep | 420.1 | 418.8 | 416.5 | 416.5 |
| Dec | 425.4 | 424.1 | 428.0 | 420.5 |
| Jan | 427.3 | 426.0 | 0 | 0 |
| Mar | 431.2 | 429.8 | 0 | 0 |
| May | 435.5 | 434.0 | 0 | 0 |

**HIGH GRADE COPPER 25,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 94.10 | 93.90 | 94.35 | 93.70 |
| Feb | 94.30 | 94.40 | 94.45 | 94.45 |
| Mar | 94.70 | 94.80 | 95.30 | 94.40 |
| Apr | 94.85 | 95.05 | 0 | 0 |
| May | 95.00 | 95.30 | 95.60 | 94.95 |
| Jun | 95.25 | 95.55 | 0 | 0 |
| Jul | 95.55 | 95.80 | 95.90 | 95.40 |
| Aug | 95.70 | 95.95 | 0 | 0 |
| Sep | 95.85 | 96.05 | 96.20 | 96.20 |
| Oct | 95.85 | 96.15 | 0 | 0 |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 18.61 | 18.79 | 18.90 | 18.45 |
| Mar | 18.75 | 18.90 | 19.00 | 18.60 |
| Apr | 18.87 | 18.98 | 19.04 | 18.70 |
| May | 18.93 | 19.02 | 19.06 | 18.85 |
| Jun | 18.98 | 19.06 | 19.16 | 18.90 |
| Jul | 19.02 | 19.10 | 19.10 | 18.95 |
| Sep | 19.08 | 19.18 | 19.18 | 19.07 |
| Oct | 19.20 | 19.22 | 19.20 | 19.20 |

**HEATING OIL 42,000 US galls, cents/US galls**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 5385 | 5480 | 5420 | 5320 |
| Mar | 5360 | 5465 | 5450 | 5345 |
| Apr | 5295 | 5371 | 5350 | 5275 |
| May | 5205 | 5261 | 5250 | 5190 |
| Aug | 5260 | 5289 | 5285 | 5285 |
| Sep | 5400 | 5414 | 5415 | 5400 |

**COCOA 10 tonnes;$/tonnes**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 1193 | 1199 | 1200 | 1186 |
| May | 1227 | 1230 | 1233 | 1221 |
| Jul | 1263 | 1267 | 1267 | 1258 |
| Sep | 1292 | 1296 | 1295 | 1292 |
| Dec | 1331 | 1335 | 1336 | 1332 |
| Mar | 1371 | 1375 | 0 | 0 |
| May | 1391 | 1395 | 1391 | 1391 |
| Jul | 1408 | 1412 | 0 | 0 |
| Sep | 1445 | 1443 | 1445 | 1445 |
| Dec | 1468 | 1473 | 1465 | 1465 |

**COFFEE "C" 37,500lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 77.90 | 78.55 | 78.80 | 77.70 |
| May | 80.75 | 81.25 | 81.25 | 80.50 |
| Jul | 83.35 | 83.85 | 83.75 | 83.20 |
| Sep | 86.00 | 86.50 | 86.60 | 86.00 |
| Dec | 89.40 | 90.50 | 90.25 | 89.30 |
| Mar | 92.80 | 93.20 | 0 | 0 |
| May | 94.85 | 95.90 | 0 | 0 |

**SUGAR WORLD "11" 112,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 8.30 | 8.44 | 8.46 | 8.28 |
| May | 8.37 | 8.46 | 8.48 | 8.34 |
| Jul | 8.37 | 8.47 | 8.47 | 8.33 |
| Oct | 8.40 | 8.47 | 8.47 | 8.37 |
| Mar | 8.41 | 8.40 | 8.48 | 8.37 |
| May | 8.39 | 8.51 | 0 | 0 |

**COTTON 50,000; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 56.93 | 58.45 | 57.05 | 56.20 |
| May | 58.50 | 62.06 | 58.70 | 58.25 |
| Jul | 59.70 | 62.60 | 59.95 | 59.20 |
| Oct | 62.05 | 63.95 | 62.35 | 61.95 |
| Dec | 62.60 | 65.25 | 62.90 | 62.40 |
| Mar | 64.00 | 0 | 64.00 | 64.00 |

**ORANGE JUICE 15,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 158.05 | 159.60 | 161.00 | 158.00 |
| Mar | 156.90 | 158.45 | 159.90 | 155.45 |
| May | 156.90 | 158.95 | 159.60 | 158.00 |
| Jul | 157.00 | 158.90 | 159.75 | 157.00 |
| Sep | 155.15 | 156.60 | 158.60 | 155.75 |
| Nov | 142.65 | 144.10 | 145.00 | 144.05 |
| Jan | 142.50 | 143.70 | 143.00 | 143.00 |
| Mar | 142.50 | 143.70 | 0 | 0 |
| May | 142.50 | 143.70 | 0 | 0 |

**INDICES**

REUTERS (Base: September 18 1931 = 100)

| Jan.14 | Jan.13 | mnth ago | yr ago |
|---|---|---|---|
| 1594.7 | 1600.6 | 1603.1 | 1685.0 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | Jan.13 | Jan.10 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 113.37 | 112.73 | 118.61 | 123.20 |
| Futures | 121.24 | 121.62 | 121.43 | 126.10 |

### Chicago

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 557/2 | 563/4 | 566/0 | 556/0 |
| Mar | 560/4 | 566/6 | 569/0 | 557/4 |
| May | 567/2 | 574/0 | 576/2 | 564/6 |
| Jul | 576/2 | 582/6 | 585/0 | 573/4 |
| Aug | 578/6 | 585/6 | 588/0 | 578/0 |
| Sep | 581/0 | 588/0 | 589/4 | 581/0 |
| Nov | 585/6 | 591/6 | 594/0 | 584/0 |

**SOYABEAN OIL 60,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 18.79 | 18.67 | 18.79 | 18.47 |
| Mar | 18.98 | 18.88 | 19.09 | 18.67 |
| May | 19.27 | 19.17 | 19.30 | 18.97 |
| Jul | 19.58 | 19.45 | 19.58 | 19.27 |
| Aug | 19.73 | 19.60 | 19.74 | 19.46 |
| Sep | 19.83 | 19.77 | 19.85 | 19.60 |
| Oct | 19.93 | 19.80 | 19.95 | 19.78 |
| Dec | 20.15 | 20.10 | 20.16 | 19.93 |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 172.8 | 175.2 | 177.1 | 172.3 |
| Mar | 172.1 | 175.3 | 176.7 | 171.5 |
| May | 173.1 | 175.8 | 177.3 | 172.5 |
| Jul | 174.8 | 177.3 | 179.3 | 174.3 |
| Aug | 176.0 | 178.2 | 180.0 | 175.6 |
| Sep | 177.0 | 179.0 | 181.0 | 176.7 |
| Oct | 182.0 | 183.1 | 184.5 | 180.8 |
| Dec | 193.0 | 194.5 | 193.1 | 191.5 |

**MAIZE 5,000 bu min; cents/56lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 259/2 | 256/2 | 261/0 | 257/4 |
| May | 265/4 | 262/6 | 268/0 | 264/0 |
| Jul | 269/6 | 267/4 | 272/2 | 268/4 |
| Sep | 266/2 | 265/6 | 269/4 | 266/2 |
| Dec | 263/4 | 264/6 | 266/2 | 262/4 |
| Mar | 269/6 | 271/0 | 272/6 | 269/0 |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 413/0 | 411/4 | 418/0 | 408/6 |
| May | 397/2 | 393/0 | 399/0 | 390/0 |
| Jul | 371/2 | 363/2 | 372/0 | 365/0 |
| Sep | 373/4 | 365/0 | 374/0 | 367/0 |
| Dec | 384/0 | 374/0 | 384/0 | 378/0 |
| Mar | 385/0 | 373/0 | 0 | 0 |

**LIVE CATTLE 40,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 74.27 | 74.70 | 75.50 | 74.02 |
| Apr | 74.37 | 74.77 | 75.35 | 74.05 |
| Jun | 69.95 | 70.37 | 70.67 | 69.80 |
| Aug | 67.47 | 67.60 | 68.27 | 67.40 |
| Oct | 67.95 | 68.05 | 68.50 | 67.70 |
| Dec | 68.05 | 68.00 | 69.30 | 68.00 |
| Feb | 69.20 | 0 | 0 | 0 |

**LIVE HOGS 40,000 lb; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 39.40 | 39.37 | 40.37 | 39.22 |
| Apr | 39.12 | 39.37 | 39.70 | 38.85 |
| Jun | 43.32 | 43.90 | 44.22 | 43.30 |
| Jul | 44.12 | 44.40 | 44.75 | 43.60 |
| Aug | 42.60 | 42.92 | 43.15 | 42.30 |
| Oct | 40.45 | 40.35 | 40.60 | 40.05 |
| Dec | 42.77 | 42.72 | 43.00 | 42.55 |
| Feb | 44.00 | 43.95 | 44.00 | 44.00 |

**PORK BELLIES 40,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 35.05 | 36.25 | 36.60 | 34.90 |
| Mar | 35.62 | 36.60 | 37.00 | 35.47 |
| May | 36.70 | 37.65 | 38.10 | 36.50 |
| Jul | 37.25 | 38.07 | 38.55 | 37.17 |
| Aug | 36.45 | 36.87 | 37.38 | 36.45 |

# LONDON STOCK EXCHANGE

## More stable performance by equities

By Terry Byland, UK Stock Market Editor

A MORE confident performance from the UK stock market yesterday saw share prices move steadily forward after brushing off some initial uncertainty caused by the rise in some Spanish interest rates. But trading volume was unimpressive and stock shortage pushed prices ahead in an equity market still taking its lead from the futures sector.

Two modest buying programmes were identified and share prices advanced across the broad range of the market. Store and retail issues came in for support as some strategists brushed off the latest statistics on consumer credit and stressed the the annualised gain in retail sales in November.

Although firm at the opening, equities were held back

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Dec 30 | Jan 13 | Jan 27 |
| Option Declarations: | | |
| Jan 9 | Jan 23 | Feb 6 |
| Last Dealings: | | |
| Jan 10 | Jan 24 | Feb 7 |
| Account Day: | | |
| Jan 20 | Feb 3 | Feb 17 |

*New-time dealings may take place from 8.30 am two business days earlier.

intially by the rise in some money rates in Spain. However, the stock market recovered its confidence as traders had second thoughts on the implications of the change in Spanish rates.

Perhaps more significantly for the market in its present mood, the March futures contract opened strongly and, with sterling also in better form, the stock market advanced by nearly 25 points, recapturing the 2,500 territory.

The first trading programme came, reportedly, from a leading agency broking firm and helped the market forward. The second programme was smaller but helped to steady a market cautiously awaiting the opening of the new session in New York.

However, with Wall Street ahead by 20 points on the Dow in UK trading hours, London resumed its upward track to close at the day's best. The final reading of 2,516.3 showed a net gain on the session of 26.2 points.

Seaq-reported volume, which does not distinguish between genuine customer business and intra-market dealing, increased to 519.7m shares from Monday's 429.3m. Stock Exchange statistics confirmed that retail business fell away on Monday, totalling only £781m compared with daily totals above £1bn in recent trading sessions.

Traders believed that customer business had recovered yesterday but stressed that marketmakers were forced to push prices ahead sharply when a few buyers caught them short of stock. The erratic performance of the market since Christmas, often in response to an even more erratic stock index futures sector, has put pressure on trading books still recovering from the holiday period.

The latest data on domestic producer prices, disclosing a gain of only 0.1 per cent output prices last month, buttressed expectations that inflation is being curbed.

Among securities houses taking a more positive view on UK equities, Strauss Turnbull saw the Footsie in the 2,600 – 2,650 range by April when the political background may become more difficult from the market's point of view, since the UK will by then be very close to a general election.

Further support for leading oil shares again provided a strong boost for the UK market yesterday. Both BP and Shell were wanted, although some other international blue chips held back while awaiting a clearer sign on the outlook for the US dollar.

Glaxo, still, regarded as the wonder stock of the international sector, gave back a few pence yesterday and the pharmaceutical sector as a whole turned in a less dramatic performance than of late.

## FINANCIAL TIMES STOCK INDICES

| | Jan 14 | Jan 13 | Jan 10 | Jan 9 | Jan 8 | Year Ago | 1991/92 High | 1991/92 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 87.07 | 87.07 | 87.32† | 87.38 | 87.34 | 82.56 | 87.94 (18/9/91) | 82.17 (2/1/91) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 99.31 | 99.44 | 99.57 | 97.98 | 97.89 | 90.85 | 99.57 (10/1/92) | 90.59 (2/1/91) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share● | 1910.4 | 1894.8 | 1874.2 | 1904.8 | 1885.9 | 1608.3 | 2108.3 (2/9/91) | 1609.3 (16/1/91) | 2108.3 (2/9/91) | 49.4 (26/6/40) |
| Gold Mines | 152.3 | 158.3 | 160.6 | 151.2 | 145.4 | 175.2 | 222.8 (11/7/91) | 127.0 (22/2/91) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2516.3 | 2490.1 | 2477.9 | 2497.9 | 2467.1 | 2054.8 | 2679.6 (2/9/91) | 2054.8 (16/1/91) | 2679.6 (2/9/91) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1149.84 | 1139.94 | 1140.60 | 1140.71 | 1120.52 | - | 1198.60 (3/9/91) | 938.62 (16/1/91) | 1198.60 (3/9/91) | 938.62 (16/1/91) |
| ●Ord. Div. Yield | 4.73 | 4.76 | 4.80 | 4.76 | 4.83 | 5.86 | | | | |
| ●Earning Yld %(full) | 7.06 | 7.14 | 7.19 | 7.14 | 7.24 | 12.42 | | | | |
| ●P/E Ratio(Net)(☆) | 17.74 | 17.62 | 17.48 | 17.60 | 17.37 | 9.73 | | | | |
| SEAQ Bargns 4.45pm | 27,193 | 26,526 | 32,925 | 28,569 | 27,305 | 19,810 | | | | |
| Equity Turnover(£m)† | - | 781.0 | 1133.70 | 1130.00 | 1065.80 | 419.73 | | | | |
| Equity Bargains† | - | 26,303 | 33,215 | 27,674 | 26,871 | 18,914 | | | | |
| Shares Traded (ml)† | - | 381.2 | 558.2 | 537.8 | 415.8 | 241.5 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55 Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 16.74 † Correction

Ordinary Share Index, Hourly changes — Day's High 1912.6 — Day's Low 1897.7

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1894.7 | 1895.3 | 1902.3 | 1905.7 | 1909.2 | 1911.3 | 1910.2 | 1905.2 | 1905.4 |

FT-SE 100, Hourly changes — Day's High 2516.3 — Day's Low 2490.3

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2491.5 | 2491.0 | 2500.9 | 2504.5 | 2510.0 | 2513.0 | 2511.2 | 2506.2 | 2507.5 |

FT-SE Eurotrack 200, Hourly changes — Day's High 1151.47 — Day's Low 1146.57

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1147.37 | 1147.42 | 1146.78 | 1149.35 | 1149.55 | 1150.23 | 1149.72 |

### GILT EDGED ACTIVITY

| Indices* | Jan 13 | Jan 10 |
|---|---|---|
| Gilt Edged Bargains | 80.6 | 88.5 |
| 5 – Day average | 85.7 | 85.9 |

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

## Active session in Fisons

THE PRICE of Fisons shares was marked up sharply at the opening as the company announced that Mr John Kerridge had resigned as chairman and chief executive of the group because of ill health. Mr Kerridge had been seen by many as one of the main barriers to workable communication with the stock market.

The change also prompted speculation that, with no-one at the helm and the company undervalued on fundamental assets, Fisons may be vulnerable to a bid. Traders revalued the shares by more than 20p, which encouraged sellers who forced the price back to the low 360s. The stock saw good two-way business at that level, ending the day as the most heavily traded issue with a turnover of 14.4m shares and up 11 at 365p.

Mr Robin Gilbert of agency broker James Capel said: "On one hand there was bid speculation. Others took the view that Kerridge's departure is a prelude to something even worse than we have been exposed to so far." The shares fell 47p in mid-December when the company announced that it had lost £65m since the US Food and Drug Administration decided to ban the import of two of its products, Opticrom and Imferon. Analysts are looking towards the company's research and development meeting next Wednesday, its first for some years.

### GRE finds buyers

The best performance of any Footsie stock yesterday came from Guardian Royal Exchange, which moved up 5.3 per cent or 9 to 132p in response to talk of an influential broker buy recommendation and very vague hints that a stakebuilder may soon make an appearance. The shares shrugged aside the lingering effects of at least two bearish broker circulars which had pointed out GRE's need for a capital injection.

Dealers said the impetus behind the share price rise came from an impending buy note from the insurance team at Charterhouse Tilney, the stockbroking arm of Royal Bank of Scotland.

Charterhouse said it had prepared a "strong buy" recommendation on GRE but declined to give details. Dealers said the Charterhouse note focused on asset values, notably GRE's Albingia insurance business in Germany, and a Charterhouse assertion that other brokers' estimates of a 50 per cent cut in GRE's dividend may have been overdone.

Glaxo fell almost 20p in early trading as investors decided to take profits. Observers said the fall had been prompted by selling in Merck, the worlds biggest pharmaceuticals company, to which Glaxo was recently compared in a US business journal. However, US buyers returned in the afternoon and the shares closed only 5 off at 925p with just over 4m traded.

Buying ahead of Friday's annual meeting helped Wellcome to gain 12 to 1053p.

BZW was thought to have been behind some strong gains in the oil sector. Shell was 12 higher at 491p, Enterprise 8 firmer at 436p and BP also 8 ahead, at 294p.

A sell note issued by the banks team at Credit Lyonnais Laing (CLL) kept Standard Chartered, a strong performer since the end of November, in negative territory throughout the day. The stock closed a shade off at 428p. CLL told clients: "Expect a profits plateau in 1992/93. The inevitable rise in loan loss provisions post 1992/93 will lead to a significant reduction in profit before tax and capital ratios."

Cable and Wireless surged ahead 18 to an all-time closing high of 618p as speculators grew more convinced that a major deal involving the group is in the offing. C and W shares have risen rapidly during recent days amid suggestions that AT&T, of the US, was about to acquire a stake of up to 25 per cent in Mercury, C and W's telecoms division. C and W's previous closing high was 611p, reached on September 8, 1989.

Dealers said yesterday's burst of buying followed strong suggestions that AT&T was preparing a blockbuster bid for the whole of C and W. The latter's market capitalisation is approaching £7bn. "AT&T is the obvious candidate to buy C and W and it has the means to do so," commented one leading telecoms analyst. AT&T has stated it wants at least half of its income to come from outside the US by the turn of the century.

Turnover in C and W was an above-average 4m shares, following the 3.8m traded on Tuesday when the share price rose 11p.

Institutional buyers pushed Bass up 21 to 1070p. Panmure Gordon has the company on its buy list and argues that the stock remains cheap against the rest of the sector.

The power generators met selling ahead of the second calls on the stocks. The second payment, of 75p a share, falls due on February 4. National Power held at 129p but PowerGen eased 3½ to 135½p.

A series of profits downgrades, commonly from £140m to £125m, failed to damage Blue Circle Industries, which rose 6 to 229p. Wolseley, the building supplies group, put on 6 to 384p after a buy note issued by Nikko Securities.

Hazlewood Foods slid 20 to 142p, just above the 1991/92 low of 138p, after a further big profits downgrade by S.G. Warburg Securities.

Mr Mark Lynch at Warburg, who only last Friday reduced his current-year profits estimate from £58m to £55m, chopped it again yesterday to £51m.

Chemicals manufacturer MTM continued to see heavy activity on the back of company presentations to institutions hosted by Robert Fleming Securities.

The company was signalling 1991 profits of around £23m and was optimistic about 1992 growth. The shares firmed a penny to 253p with 1.3m traded.

Caravans to property group Burndene Investments shot up 56 to 175p as the company announced final profits of £4.3m against £3.8m, far better than the market had expected in view of the cautious statement at the interim stage.

Vague bid speculation left APV 5 higher at 119p on turnover of 1.6m.

British Steel edged ahead 1¼ to 68½p after its broker, UBS Phillips & Drew, turned buyer of the shares. TI advanced 15 to 580p after the stock was included among County NatWest's top 30 best buys.

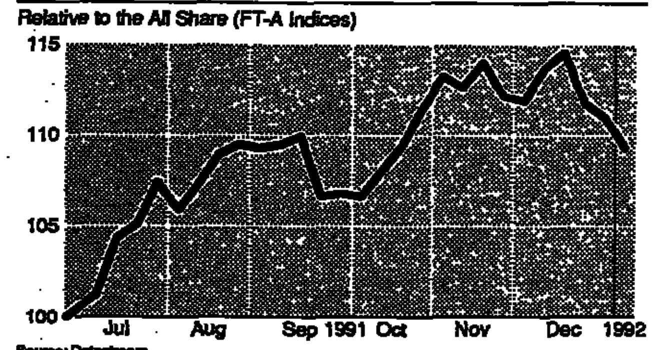
Smiths Industries gained 10 to 279p after UBS showed a keen interest in the shares. A squeeze was noted in Siebe, which climbed 20 to 558p.

**MARKET REPORTERS:**
**Peter John,**
**Joel Kibazo,**
**Steve Thompson.**

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

**Stores**

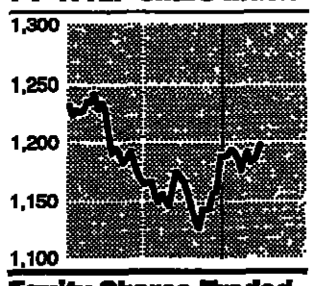
Relative to the All Share (FT-A Indices)




Source: Datastream

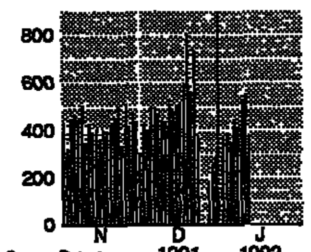
**There are signs of a resurgence of interest in retailing shares after the bout of substantial underperformance against the market that occurred from mid-December onwards. Worries about Christmas trading and general uncertainty regarding the progress of the economic recession in the UK triggered the steep fall in stores shares in the middle of last month. Analysts are now slightly more optimistic amid talk of better than expected January sales. Provisional retail sales figures for December are expected on January 20 and may give the market a shot in the arm.**

**FT-A All-Share Index**




**Equity Shares Traded**

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover




Source: Datastream

## NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (66).
AMERICANS (3) Amdahl, Hasbro, Houston Inds., BANKS (1) ABN Amro, BREWERS & DISTILLERS (5) Bass, Bulmer (HP), Greenalls, Do. 8.95pc Prf., Scot. & Newcastle, BUSINESS SERVICES (2) Barbour Index, Inchcape, CHEMICALS (3) BOC, Bayer, Schering, CONGLOMERATES (1) Bisby (J), ELECTRICALS (2) Ericsson (LM), Philips, ELECTRONICS (3) Elect. Data Procg., Norsk Data A, Radamec, ENGINEERING GENERAL (4) IWP Intl., Siebe, Victaulic, Whessoe, FOOD MANUFACTURING (6) Cranswick, Nestle Regd., Tate & Lyle, Do. 7.25p Prf., Treat, HEALTH & HOUSEHOLD (9) AAH, Beepak, Crown Eyeglass, Hafslund Nycomed Free A, Intercare, Novo Nordisk B, HOTELS & LEISURE (3) Photo-Me, Stanley Leis., Tanjong, INSURANCE COMPOSITE (1) FBD, INVESTMENT TRUSTS (5) ECU, River Plate Zero Prf., Templeton Emrg. Mkts., Do. Warrants, Do. 1pc Cv. 2001, MEDIA (4) Euromoney Publctns., LWT 3.9375p Prfd., Sunset & Vine, Ulster TV, MISCELLANEOUS (3) Burndene, Strong & Fisher, MOTORS (1) Cowie (T), OTHER FINANCIAL (9) Baring Chrysalis, Do. Warrants, Baring Puma, Sterling, Templeton Galbraith, PACKAGING, PAPER & PRINTING (2) De La Rue, Repola, PROPERTY (3) Land Securities 10pc Deb. 2027, Slough Ests. 8pc Cv. 2003, TELEPHONE NETWORKS (3) Cable & Wireless, Do. 7pc Cv. 2008, Hutn. Telecom, TEXTILES (1) Campari Intl., TRANSPORT (3) British Airways, Do. 9¾pc Cv., Sea Containers.
NEW LOWS (64).
CANADIANS (1) Gulf Canada, BREWERS & DISTILLERS (1) Wiltshire Brew., BUILDING MATERIALS (2) Freeman, Marshalls, CHEMICALS (1) Croda Intl., CONTRACTING & CONSTRUCTION (2) Laing (J), Ward, ELECTRICALS (1) Wholesale Fttgs., ELECTRONICS (3) AB Elect., P-E Intl., Sema, ENGINEERING GENERAL (3) Elliott (B), Hay (N), Ransomes, FOOD MANUFACTURING (1) Matthews (B), HEALTH & HOUSEHOLD (1) JS Pathology, HOTELS & LEISURE (1) Kunick, INVESTMENT TRUSTS (4) Fleming Euro. Fldg., Geared Inc., River & Merc. Cap., River Plate Wrrnts., MEDIA (1) Shandwick, MERCHANT BANKS (1) Wintrust, METAL & METAL FORMING (2) Garton Eng., Linread, MISCELLANEOUS (3) Nobo, RPS, Tams (J), MOTORS (1) T & N, OIL & GAS (5) Bow Valley, British Borneo, Cairn Energy, Pict Petrlm., Richmond Oil, OTHER FINANCIAL (4) Fidelity Japan OTC Wrrnts., Gerrard & Natl., Natl. Home Loans, Union Discount, PROPERTY (7) Bolton, Bucknall, Chesterfield, Debenham Tewson & C., Hammerson A, Palmerston, Stanhope, STORES (3) Gaskell, Goldsmiths, Stylo, TEXTILES (4) Alexandra Workwear, GR, Jacques Vert, Lister, TRANSPORT (1) Manchester Ship Canal, MINES (2) Angloval, De Beers Linked Units.

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADT | 5 | 380 | +5 | Cookson | 465 | 115 | +1 | Lucas | 4,200 | 106 | +½ | Shell Transport | 4,530 | 491 | +12 |
| ASDA Group | 6,200 | 29 | −1½ | Courtaulds | 1,500 | 505 | +10 | MB Caradon | 3,300 | 261 | +4 | Siebe | 378 | 558 | +20 |
| Abbey National | 4,500 | 277 | +4 | Dalgety | 677 | 378 | | MEPC | 957 | 374 | −3 | Slough Ests | 842 | 222 | −3 |
| Albert Fisher | 1,000 | 70 | | De La Rue | 589 | 527 | +14 | Manweb | 1,000 | 290 | +5 | Smith (W.H.) A | 831 | 444 | +11½ |
| Allied-Lyons | 1,800 | 647 | −3 | Dixons | 2,400 | 222 | +7 | Marks & Spencer | 5,000 | 282 | +6 | Smith & Nephew | 2,000 | 142 | +1 |
| Amstrad | 2,000 | 31 | +1 | ECC Group | 594 | 480 | +8 | Midland Bank | 658 | 212 | −1 | SmKl Beecham | 1,700 | 845 | −1 |
| Anglian Water | 803 | 334 | −1 | Eastern Elect. | 1,000 | 211 | +3 | Midlands Elect. | 1,630 | 246 | +1 | SmKl Beecham Uts | 304 | [illegible] | −2 |
| Argos | 2,100 | 273 | +13 | East Midland Elect. | 924 | 232 | +5 | NFC | 633 | 234 | +2 | Smiths Inds. | 800 | 279 | +10 |
| Argyll Group | 4,000 | 289 | +3 | Enterprise Oil | 1,700 | 436 | +8 | NatWest Bank | 3,400 | 364 | −4 | Southern Elect. | 825 | 248 | +2 |
| Arjo Wiggins | 773 | 272 | +12 | Eurotunnel Units | 845 | 451 | +2 | National Power | 4,400 | 129 | | South Wales Elect. | 694 | 301 | +7 |
| Ass. Brit. Foods | 164 | 444 | −1 | FKI | 1,700 | 62 | | Next | 2,200 | 62½ | +3 | South West Water | 598 | 321 | +2 |
| BAA | 2,400 | 580 | +10 | Ferranti | 98 | 6 | | North West Water | 1,300 | 339 | | South West. Elect | 1,100 | 242 | −2 |
| BAT Inds. | 1,900 | 838 | +10 | Fisons | 14,000 | 365 | +11 | Northern Elect. | 288 | 247 | +6 | Southern Water | 98 | 318 | +1 |
| BET | 921 | 104 | | Forte | 1,300 | 237 | +2 | Northern Foods | 1,100 | 530 | +5 | Standard Chard. | 292 | 428 | −1 |
| BICC | 679 | 329 | −1 | Gen. Accident | 865 | 482 | +2 | Norweb | 891 | 263 | −1 | Storehouse | 2,100 | 188 | +1 |
| BOC | 2,300 | 632 | +6 | General Elect. | 5,400 | 192 | +6 | Pearson | 1,300 | 740 | +13 | Sun Alliance | 2,100 | 276 | |
| BPB Inds. | 484 | 137 | | Glaxo | 4,000 | 925 | −5 | P & O | 1,200 | 428 | +9 | T&N | 780 | 99 | |
| BTR | 4,500 | 419 | +9 | Glynwed Intl. | 103 | 200 | −1 | Pilkington | 1,700 | 137 | +1 | TI Group | 440 | 580 | +15 |
| Bank of Scotland | 383 | 111 | | Granada | 1,130 | 209 | +1 | PowerGen | 4,200 | 135½ | −3½ | TSB | 4,800 | 117 | |
| Barclays | 5,600 | 360 | +1 | Grand Met. | 5,300 | 924 | +5 | Prudential | 4,200 | 226 | −2 | Tarmac | 1,100 | 112 | +5 |
| Bass | 2,200 | 1070 | +21 | GUS A | 357 | 1403 | +35 | RHM | 2,100 | 240 | +1 | Tate & Lyle | 2,100 | 431 | +8 |
| Berisford Int. | 489 | 15 | −½ | GRE | 2,830 | 132 | +9 | RMC | 250 | 543 | +14 | Taylor Woodrow | 1,700 | 125 | +3 |
| Blue Circle | 1,600 | 229 | +6 | GKN | 490 | 285 | −1 | RTZ | 1,000 | 498 | +11 | Tesco | 5,600 | 225 | +4 |
| Booker | 665 | 442 | −4 | Guinness | 4,500 | 544 | +9 | Racal | 4,800 | 60 | | Thames Water | 622 | 339 | +1 |
| Boots | 4,300 | 432 | +9 | Hammerson 'A' | 963 | 449 | −1 | Rank Org. | 824 | 603 | −8 | Thorn EMI | 880 | 782 | +8 |
| Bowater | 537 | 697 | +10 | Hanson | 9,800 | 204 | +4½ | Reckitt & Colman | 780 | 685 | +3 | Tomkins | 1,100 | 443 | +4 |
| Brit. Aerospace | 1,200 | 326 | +6 | Hanson Warrants | 2,400 | 20¼ | +1½ | Redland | 1,700 | 437 | | Trafalgar House | 1,500 | 134 | +4 |
| British Airways | 6,700 | 242 | +6 | Harrisons Crosfield | 587 | 114 | +4 | Reed Intl. | 2,400 | 522 | +4 | Ultramar | 357 | 289 | +8 |
| British Gas | 8,900 | 242 | +½ | Hawker Sidd. | 25 | 763 | +10 | Rentokil | 365 | 384 | +3 | Unigate | 847 | 272 | +3 |
| British Land | 381 | 249 | −4 | Hillsdown | 1,100 | 158 | +2 | Reuters | 890 | 1070 | +6 | Unilever | 2,800 | 933 | +10 |
| BP | 8,100 | 294 | +8 | IMI | 39 | 228 | −2 | Rolls Royce | 3,700 | 139 | +2 | United Biscuits | 471 | 420 | +3 |
| British Steel | 4,000 | 68½ | +1½ | ICI | 326 | 1164 | −3 | Rothmans | 380 | 1133 | +18 | Utd. Newspapers | 780 | 347 | −2 |
| British Telecom | 4,400 | 318½ | +½ | Inchcape | 916 | 414 | | Ryl Bk Scotland | 1,630 | 161 | −1 | Vodafone | 1,400 | 380 | −2 |
| Br. Telecom New | 7,800 | 113 | −1 | Kingfisher | 2,400 | 481 | +5 | Royal Insurance | 439 | 247 | +5 | Warburg (SG) | 182 | 525 | +1 |
| Bunzl | 310 | 90 | | Ladbroke | 2,000 | 224 | | Saatchi | 2,600 | 13½ | | Wellcome | 581 | 1053 | +12 |
| Burmah Castrol | 203 | 501 | +5 | Land Securities | 559 | 445 | +3 | Sainsbury | 1,500 | 368 | +7½ | Welsh Water | 555 | 347 | −1 |
| Burton | 4,300 | 35½ | +1½ | Laporte | 126 | 604 | | Scottish & New. | 1,600 | 441 | +9 | Wessex Water | 287 | 381 | +4 |
| Cable & Wire. | 4,000 | 618 | +18 | Legal & General | 844 | 378 | +10½ | Scot. Hydro-Elect. | 3,400 | 102 | | Whitbread 'A' | 987 | 452 | +8 |
| Cadbury Schweppes | 1,200 | 442 | −2 | Lloyds Abbey | 876 | 347 | −1 | Scottish Power | 2,000 | 98 | −2 | Williams Hldgs. | 2,600 | 309 | +2 |
| Calor Group | 157 | 207 | +2 | Lloyds Bank | 2,300 | 378 | +1 | Sears | 3,100 | 86 | −1 | Willis Corroon | 1,100 | 244 | +9 |
| Carlton Comms. | 1,800 | 529 | +15 | LASMO | 4,100 | 250 | +6 | Sedgwick | 1,800 | 208 | +1 | Wimpey | 3,100 | 120 | +1 |
| Coats Viyella | 1,300 | 174 | −2 | London Elect. | 1,200 | 236 | +1 | Seeboard | 418 | 243 | −2 | Yorkshire Elect. | 889 | 281 | −2 |
| Comm. Union | 383 | 488 | +5 | Lonrho | 1,600 | 183 | −1 | Severn Trent Water | 1,200 | 382 | −1 | Yorkshire Water | 481 | 338 | |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

## EQUITY FUTURES AND OPTIONS TRADING

TRADING in stock index futures was characterised by volatility, with many traders choosing to focus on the short-term outlook, writes Joel Kibazo.

The March contract opened strongly on the back of a squeeze and soon raced to a premium of 40 to the underlying cash market.

However, a surprise announcement by the Bank of Spain of an increase in its short-end interest rates curtailed the March contracts' early advance as it retreated to a premium of 22, its estimated fair value to cash.

However, buying soon returned and March recovered the ground lost after the announcement, boosted by the strong opening on Wall Street and a squeeze towards the market close.

March closed at 2,561, some 23 points above its estimated fair value premium to cash. Turnover reached 6,370.

In traded options, turnover recovered from Monday's poor levels to reach 29,608 contracts. The Footsie 100 index was busy and traded 7,643 contracts. Boots was the busiest stock option. It traded 2,940 lots, with a Kleinwort Benson roll-over trade of 1,000 contracts reported to have been responsible for the majority of the day's business.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | | |
| 12¾pc 1992‡‡ | | 100⅛xd | — | 101½ | 100⅛ | 12.73 | — |
| 10pc 1992 | | 99⅞ | — | 100¼ | 97⅞ | 10.01 | 10.42 |
| 2pc IL 1992‡‡ | | 135⅞ | +1/16 | 136⅞ | 125⅞ | 2.82 | 8.46 |
| 8pc 1992 ‡‡ | | 99⅛ | — | 99⅞ | 95⅛ | 8.05 | 10.24 |
| 10½pc Cv 1992‡‡ | | 100 | — | 100⅛ | 98⅛ | 10.50 | 10.34 |
| 3pc 1992 | | 97⅞ | — | 97⅞ | 91⅞ | 3.07 | 8.30 |
| Exch 12¼pc 1992 | | 101 | — | 102⅛ | 100⅝ | 12.13 | 10.36 |
| 13½pc 1992 | | 102 | — | 104⅛ | 101⅛ | 13.24 | 10.25 |
| Treas 8¼pc 1993 | | 98¼xd | — | 98⅞ | 94 | 8.40 | 9.91 |
| 10pc 1993‡‡ | | 100 | — | 100¼ | 97⅛ | 10.00 | 9.91 |
| 12½pc 1993‡‡ | | 103⅞ | — | 104⅛ | 102⅛ | 12.06 | 9.96 |
| Funding 6pc 1993‡‡ | | 95⅞ | — | 95⅞ | 89⅝ | 6.29 | 8.94 |
| Treas 13¾pc 1993‡‡ | | 108⅞ | +⅛ | 108⅞ | 105⅞ | 12.66 | 9.97 |
| 8½pc 1994 | | 97⅞xd | — | 97⅞ | 92⅛ | 8.71 | 9.73 |
| 14½pc 1994‡‡ | | 109⅞ | +⅛ | 111⅞ | 108⅞ | 13.37 | 9.96 |
| Exch 13½pc 1994 | | 107 | — | 108 | 105 | 12.62 | 9.92 |
| Treas. 10pc Ln. 1994‡‡ | | 100¼ | −1/16 | 101⅛ | 98 | 9.99 | 9.79 |
| Exch 12½pc 1994 | | 105⅞ | — | 107⅛ | 103⅞ | 11.89 | 9.89 |
| Treas 9pc 1994‡‡ | | 98⅛ | — | 98⅞ | 93¼ | 9.18 | 9.71 |
| 12pc 1995 | | 105⅞xd | −1/16 | 106⅛ | 102⅞ | 11.38 | 9.82 |
| Exch 3pc Gas 90-95 | | 88⅝ | — | 88 | 82⅞ | 3.39 | 6.92 |
| 10¼pc 1995 | | 101⅛xd | −1/16 | 102⅛ | 96⅛ | 10.14 | 9.80 |
| Treas 12¾pc 1995‡‡ | | 108 | −1/16 | 110⅛ | 105⅞ | 11.76 | 9.79 |
| 14pc 1996 | | 112⅞xd | −⅛ | 114⅞ | 108⅞ | 12.42 | 10.01 |
| 9pc 1992-96‡‡ | | 98⅛ | — | 98⅞ | 92⅛ | 9.14 | 9.38 |
| 15¼pc 1996‡‡ | | 117⅞ | +1/16 | 119⅞ | 115⅞ | 12.94 | 9.99 |
| Exch 13¼pc 1996‡‡ | | 111⅛ | −1/16 | 112⅞ | 108 | 11.92 | 9.97 |
| Conversion 10pc 1996 | | 100⅞ | — | 101⅞ | 95⅞ | 9.93 | 9.75 |
| Five to Fifteen Years | | | | | | | |
| Treas 13¼pc 1997‡‡ | | 112⅞xd | −1/16 | 114⅞ | 108⅞ | 11.76 | 9.91 |
| Exch 10½pc 1997 | | 102⅞ | −1/16 | 103⅞ | 97⅞ | 10.23 | 9.75 |
| Treas 8¾pc 1997‡‡ | | 95⅞ | +1/16 | 95⅞ | 89⅞ | 9.12 | 9.65 |
| Exch 15pc 1997 | | 121⅞ | −1/16 | 124⅞ | 117 | 12.30 | 10.05 |
| 9¾pc 1998 | | 99⅞xd | — | 100⅞ | 93⅞ | 9.78 | 9.72 |
| Treas 6¾pc 1995-98‡‡ | | 86⅞ | +⅛ | 88 | 80⅞ | 7.84 | 9.20 |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| 15½pc '98‡‡ | | 125⅝ | +1/16 | 128⅞ | 121¾ | 12.24 | 9.90 |
| Exch 12pc 1998 | | 110⅞ | +1/16 | 111⅞ | 104⅞ | 10.86 | 9.81 |
| Treas 9½pc 1999‡‡ | | 98⅞ | — | 100⅞ | 92⅞ | 9.63 | 9.51 |
| Exch 12¼pc 1999 | | 112 | — | 113⅞ | 105⅞ | 10.94 | 9.82 |
| Treas 10½pc 1999 | | 103⅞ | +⅛ | 104⅞ | 97⅞ | 10.11 | 9.71 |
| Conversion 10¼pc 1999 | | 102⅞ | — | 103⅞ | 95⅞ | 9.99 | 9.70 |
| 9pc 2000‡‡ | | 96⅞ | +⅛ | 97⅞ | 89⅞ | 9.38 | 9.52 |
| Treas 13pc 2000 | | 117⅞ | −1/16 | 118⅞ | 110⅞ | 11.08 | 9.85 |
| 10pc 2001 | | 102 | — | 103⅞ | 94⅞ | 9.80 | 9.61 |
| 14pc '98-01 | | 119⅞ | — | 119⅞ | 113⅞ | 11.69 | 9.96 |
| 9¾pc 2002 | | 101⅞ | — | 102⅞ | 92⅞ | 9.65 | 9.53 |
| 10pc 2003 | | 103⅞ | +⅛ | 104⅞ | 94⅞ | 9.67 | 9.47 |
| Treas 11½pc 2001-04 | | 109⅞ | +⅛ | 111 | 102 | 10.47 | 9.60 |
| Funding 3½pc '99-04 | | 61⅞ | +⅛ | 62⅞ | 53⅞ | 5.69 | 8.50 |
| Conversion 9½pc 2004 | | 98⅞ | +⅛ | 101⅞ | 90⅞ | 9.51 | 9.46 |
| 9½pc 2004 A | | 99⅞ | +⅛ | 101⅞ | 98⅞ | 9.51 | 9.48 |
| 9½pc 2005 | | 100⅞ | +⅛ | 101⅞ | 90⅞ | 9.49 | 9.44 |
| Treas 12½pc 2003-05 | | 120⅞ | +⅛ | 122 | 111 | 10.36 | 9.50 |
| 8pc 2002-06‡‡ | | 88⅞ | +⅛ | 89⅞ | 79⅞ | 9.04 | 9.42 |
| Over Fifteen Years | | | | | | | |
| Treas 11¾pc 2003-07 | | 114⅞xd | +⅛ | 116 | 105⅞ | 10.24 | 9.50 |
| 8½pc 2007 ‡‡ | | 92⅞xd | +⅛ | 93⅞ | 84⅞ | 9.15 | 9.34 |
| 8½pc 2007 A● | | 28⅞ | — | 28⅞ | 18⅞ | [illegible] | 9.34 |
| 13½pc '04-08 | | 128⅞ | +⅛ | 129⅞ | 118⅞ | 10.54 | 9.46 |
| 9pc 2008 ‡‡ | | 97⅞ | +⅛ | 98⅞ | 88⅞ | 9.25 | 9.29 |
| 8pc 2009 | | 88⅞ | +⅛ | 89⅞ | 80 | 9.03 | 9.28 |
| Conv 9pc Ln 2011 ‡‡ | | 97⅞ | +⅛ | 98⅞ | 88⅞ | 9.25 | 9.27 |
| 9pc 2011 B | | 97⅞ | +⅛ | 98⅞ | 93⅞ | 9.26 | 9.27 |
| Treas 5½pc 2008-12‡‡ | | 68⅞ | +⅛ | 68⅞ | 58⅞ | 8.49 | 9.24 |
| 7¾pc 2012-15‡‡ | | 85⅞ | +⅛ | 86⅞ | 76⅞ | 9.12 | 9.31 |
| Exch 12pc '13-17 | | 124⅞ | +⅛ | 125⅞ | 113⅞ | 9.66 | 9.32 |
| Undated | | | | | | | |
| Consols 4pc | | 41⅞xd | −⅛ | 41¾ | 37⅞ | 9.71 | — |
| War Loan 3½pc‡‡ | | 37 | −⅛ | 37⅞ | 33⅞ | 9.48 | — |
| Conv 3½pc '61 Aft. | | 60¼ | −⅛ | 60⅞ | 57⅞ | 5.81 | — |
| Treas 3pc '66 Aft. | | 30¼ | −⅛ | 30⅞ | 28⅞ | 9.89 | — |
| Consols 2½pc | | 25⅞ | — | 26⅞ | 23⅞ | 9.65 | — |
| Treas. 2½pc | | 25⅞ | −⅛ | 25⅞ | 23⅞ | 9.78 | — |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. (1) | Yield Red. (2) |
|---|---|---|---|---|---|---|---|
| Index–Linked | (b) | | | | | | |
| Treas. 2pc '94 | (102.9) | 123⅛ | +⅛ | 123¾ | 115⅞ | 2.89 | 3.92 |
| 2pc '96 | (67.9) | 177⅛ | +⅛ | 177⅞ | 169⅞ | 3.62 | 4.06 |
| 2½pc '01 | (78.3) | 144⅞ | +⅛ | 146⅞ | 137⅞ | 4.01 | 4.31 |
| 2½pc '03 | (78.8) | 140½ | +⅛ | 141⅞ | 133 | 4.08 | 4.33 |
| 2pc '06 | (69.5) | 142½xd | +⅛ | 143⅞ | 135 | 4.16 | 4.35 |
| 2½pc '09 | (78.8) | 130⅞ | +⅛ | 131⅞ | 124⅞ | 4.17 | 4.35 |
| 2½pc '11 | (74.6) | 134⅞ | +⅛ | 135⅞ | 128⅞ | 4.17 | 4.34 |
| 2½pc '13 | (89.2) | 110⅞xd | +⅛ | 111⅞ | 105⅞ | 4.18 | 4.33 |
| 2½pc '16 | (81.6) | 117⅞xd | +⅛ | 119⅞ | 113⅞ | 4.17 | 4.32 |
| 2½pc '20 | (83.0) | 112⅞ | +⅛ | 113⅞ | 109⅞ | 4.17 | 4.30 |
| 2½pc '24‡‡ | (97.7) | 93⅞xd | +⅛ | 95⅞ | 90⅞ | 4.15 | 4.27 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6.

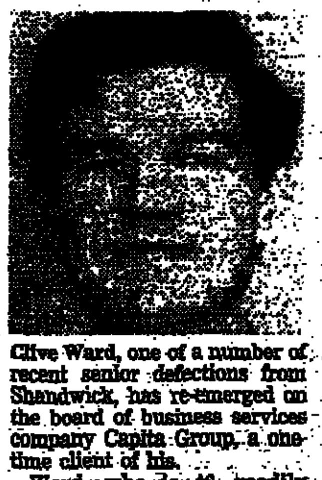
### OTHER FIXED INTEREST

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| African Dev 11¼ 2010 | | 107⅞ | +⅛ | 107⅞ | 95⅞ | 10.70 | 10.19 |
| Asian Dev 10¼pc 2009 | | 102⅞ | +⅛ | 102⅞ | 91⅞ | 10.33 | 9.93 |
| B'ham 11½pc 2012 | | 109⅞ | +⅛ | 109⅞ | 100½ | 11.33 | 10.85 |
| Ireland Cap 8½pc '10 | | 98⅞ | −⅛ | 99 | 88⅞ | 8.99 | — |
| 9pc Cap 1995 | | 98⅞ | — | 99 | 93 | 9.17 | — |
| 13pc '97-02 | | 114½ | — | 116 | 109½ | 11.36 | — |
| GLC 9¾pc 1990-92 | | 99⅞ | — | 99⅞ | 93⅞ | 9.82 | 8.50 |
| Hydro Quebec 15pc 2011 | | 132⅞ | +⅛ | 133⅞ | 120⅞ | 11.6 | 10.90 |
| Int-Am Dev 12½pc 2003 | | 115⅞ | +⅛ | 116⅞ | 105⅞ | 11.09 | 10.09 |
| 9¾pc 2015 | | 97⅞ | +⅛ | 98⅞ | 86⅞ | 10.07 | 10.03 |
| Leeds 13½pc 2006 | | 119¼ | +⅛ | 119½ | 110½ | 11.89 | 10.98 |
| Liverpool 3½pc Irred | | 30½ | — | 31 | 28 | 11.67 | — |
| LCC 3pc '20 Aft | | 27½ | — | 27¾ | 26 | 11.11 | — |
| Manchester 11½pc 2007 | | 105½ | — | 108¼ | 97½ | 11.27 | 10.78 |
| Met. Wtr. 3pc 'B' | | 54¼ | — | 55 | 52 | 5.77 | 9.80 |
| N'wide Anglia 3⅞pc 2021 | | 104½xd | — | 106⅛ | 102 | — | 5.54 |
| 4¼pc IL 2024 | | 105⅞ | — | 107¾ | 104 | — | 5.19 |
| Utd Mex States 16½pc 2008 | | 124½ | — | 126½ | 101 | 13.33 | 12.88 |



# APPOINTMENTS

## Ward to former client

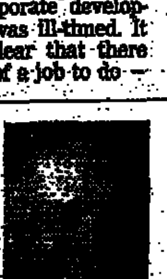


Clive Ward, one of a number of recent senior defections from Shandwick, has re-emerged on the board of business services company Capita Group, a one-time client of his.

Ward, who is 46, readily concedes that his move two years ago to Shandwick and into the then newly created position of corporate development director was ill-timed. It soon became clear that there was not much of a job to do — the world's largest public relations company was entering a distinctly rocky period. He resigned last November.

Meanwhile, Capita was known to him from his days at accountants Ernst and Young when he advised on the group's USM flotation in 1989. He had refreshed the acquaintance when Shandwick purchased a small pr company in Northern Ireland from Capita last year.

As managing director of the corporate finance arm of Capita, one of his briefs will be to raise the company's profile in the private sector. Capita, which was once part of Cipfa, the public sector's professional accountancy institute, is the largest provider of management services to the public sector. But Ward is hoping that, despite the recession, there is plenty of scope for the provision of specialist advice to small and medium-sized businesses in the private sector.



■ Alan Pink, a chemical engineer, is to take over from Alan Hayes as chief executive of ICI Agrochemicals and Seeds, one of ICI's seven main divisions with annual sales of £1.4bn a year and profits of over £100m.

Pink, aged 53, joined ICI in Billingham in 1962 and spent the early part of his career on the heavy chemical side of the business. After a stint in the US with ICI Americas, he was appointed general manager-planning at ICI's Millbank headquarters in July 1985. Since 1989 he has headed ICI Advanced Materials. He takes over his new post in April following the retirement of Hayes who, at 61, has been with ICI for 46 years.

POLYGRAM, the London-based music company, has appointed Allen Davis to run its operations in continental Europe. The company also announces that Norman Cheng will become president of PolyGram Far East.

The two appointments form part of a worldwide restructuring of the company's management, initiated by Alain Levy, chief executive of PolyGram, who also continues to act as chairman and chief executive of PolyGram USA.

Until his retirement in 1990, Davis, 61, worked for CBS Records, now part of Sony of Japan. He held senior positions in the US, UK, France and the Netherlands.

Cheng, 45, will be based in Hong Kong and will be responsible for PolyGram's operations in Japan and South East Asia.

## Electronic switches

■ Jim Schmidt is appointed divisional director of field engineering for NCR.
■ Paul Donovan is appointed marketing director of APPLE COMPUTER UK; he moves from Coca-Cola & Schweppes Beverages, where his post as marketing director is taken by Tim Kelly.
■ Pat Endacott is appointed director of McDONNELL DOUGLAS information systems engineering unit.
■ Barrie Lawson, formerly group director-Telecoms Systems Group within GPT, has become group md of SCHOLES.
■ Ronnie Paton is promoted to md of PILGRIM SYSTEMS.

## BUPA begins to fill its gap

BUPA, Britain's largest private healthcare organisation which is aiming to improve its own fitness, has named Arthur Large as a main board member and managing director of the health insurance division.

Three top executives left BUPA last November, the product of changes initiated by chief executive Peter Jenkins who joined earlier in the year determined to inject a more commercial spirit into the operation. In 1990 medical insurance had produced losses of £63m, and competition forced BUPA's overall market share down to around half from an erstwhile 70 per cent.

BUPA is still looking for a finance director but is not expected to appoint another director of community business, the other position vacated last year, following a general reorganisation in the health insurance division.

Large, 52, comes from the RAC where he was chief executive of Motoring Services and was credited with greatly improving the RAC's approach to customer service.

# LONDON SHARE SERVICE

## AMERICANS

| | Notes | Price £ | + or - | 1991/92 high | low | Mkt Cap£m | Yld G's |
|---|---|---|---|---|---|---|---|
| Abbott Labs | | [illegible] | [illegible] | 36 | 20 | 16,269 | 1.5 |
| Allegheny & W | | [illegible] | -6 | 365p | 218p | 122.1 | 6.8 |
| Amdahl | | [illegible] | +40 | 10 | 667p | 1,072 | 0.6 |
| Amer Cyanamid | | 35 | [illegible] | 42 | 25 | 3,298 | 2.3 |
| Amer Express | | 12 xd | [illegible] | 17 | 9 | 6,705 | 4.4 |
| Amer T & T | | 22 xd | [illegible] | 24 | 15 | [illegible] | 3.1 |
| Ameritech | | [illegible] | [illegible] | 35 | 32 | 16,584 | 5.1 |
| BankAmerica | | 21 xd | [illegible] | 28 | 12 | 4,619 | 3.0 |
| Bankers NY | | 35 xd | [illegible] | 38 | 20 | 2,917 | 7.3 |
| Bell Atlantic | | 25 xd | [illegible] | 30 | 24 | 10,028 | 5.3 |
| BellSouth | | 27 | [illegible] | 31 | 25 | 13,559 | 5.3 |
| Bethlehem Steel | | 7 xd | [illegible] | 11 | 6 | 547.8 | 3.0 |
| Bowater | | 1345p | -17 | 1838p | 1042p | 483.1 | 4.8 |
| CPC | | 47 xd | [illegible] | 54 | 37 | 3,576 | 2.5 |
| California Engy | | 775p | — | 930p | 420p | 141.1 | — |
| Campbell Soup | h | 22 | [illegible] | 25 | 14 | 5,577 | 1.7 |
| Chase Manhattan | | 11 | [illegible] | 12 | 5 | 1,929 | 5.8 |
| Chrysler | | 7 xd | — | 9 | 5 | 2,076 | 4.4 |
| Citicorp | | 8 xd | [illegible] | 10 | 4 | 2,275 | — |
| Colgate-Palm | | 27 xd | [illegible] | 27 | 21 | 3,983 | 2.1 |
| Cont'l Bank | | 690p | +8 | 828p | 438p | 606.3 | 5.3 |
| Dana | | 16 xd | [illegible] | 27 | 13 | 893.6 | 5.1 |
| Data General | | 917p | -16 | 1282p | 203p | 283.0 | — |
| Dial | | 25 xd | [illegible] | 25 | 12 | 1,657 | 2.8 |
| Dun & Brad | | 29 | [illegible] | 30 | 20 | 6,381 | 3.9 |
| Eaton | | 38 | — | 40 | 24 | 1,232 | 3.2 |
| Echlin | | 8 xd | [illegible] | 8 | 5 | 458.7 | 4.6 |
| FPL | | 19 xd | [illegible] | 20 | 14 | 3,263 | 6.8 |
| Fluor | | 24 xd | [illegible] | 30 | 17 | 1,947 | 0.9 |
| Ford Motor | | 17 xd | [illegible] | 25 | 13 | 8,077 | 3.1 |
| Gen Elect | | 41 xd | [illegible] | 46 | 28 | 36,071 | 2.8 |
| General Host | | 428p | +4 | 508p | 270p | — | 4.5 |
| Gillette | | 28 xd | -1 | 45 | 20 | 6,380 | 1.1 |
| Hasbro | | 22 | [illegible] | 22 | 794p | 1,297 | 0.8 |
| Honeywell | | 38 xd | [illegible] | 38 | 21 | 2,782 | 2.3 |
| Houston Inds | | 23 | [illegible] | 23 | 17 | 3,066 | 6.6 |

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## CONTRACTING & CONSTRUCTION - Cont.

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING - AEROSPACE

## ENGINEERING - GENERAL

## ENGINEERING - GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HEALTH & HOUSEHOLD - Cont.

## HOTELS & LEISURE

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

## MISCELLANEOUS - Cont.

## OIL & GAS - Cont.

## PACKAGING, PAPER & PRINTING - Cont.

## STORES - Cont.

## MINES - Cont.

## MEDIA

## OTHER FINANCIAL

## TELEPHONE NETWORKS

## PROPERTY

## TEXTILES

## MOTORS

## TRANSPORT

## MERCHANT BANKS

## OIL & GAS

## WATER

## OTHER INDUSTRIAL MATERIALS

## SOUTH AFRICANS

## METALS & METAL FORMING

## PLANTATIONS

## STORES

## MINES

## PACKAGING, PAPER & PRINTING

## MISCELLANEOUS

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International

● "Tap Stock"

* Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

‡‡ Tax-free to non-residents on application

♦ Figures or report awaited

♥ Not officially UK listed; dealings permitted under rule 535(4)(a)

♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

## London Share Prices

London share prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.
To obtain your free share Code Booklet ring (071 925-2128)

# FT MANAGED FUNDS SERVICE

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## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst Mngrs (1000)H**
80 Holdenhurst Rd, Bournemouth 0345 717373

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **High Income** | | | | | | |
| Gilts & Fixed Int | 6 | 116.9 | 116.9 | 124.1 | -0.3 | 9.27 |
| High Inc Equity | 6 | 120.5 | 123.4xd | 131.4 | +0.7 | 6.47 |
| Worldwide Bond | 6 | 220.2 | 220.2xd | 233.6 | -0.4 | 6.42 |
| **Capital Growth** | | | | | | |
| American Growth | 6 | 206.5 | 206.5 | 220.8 | -0.5 | 1.01 |
| Asian Pacific | 6 | 122.8 | 122.8 | 131.3 | +0.2 | 1.20 |
| Assets & Earnings | 6 | 176.3 | 176.3xd | 188.5 | +1.3 | 3.18 |
| Capital Reserve Acc | 0 | 111.0 | 111.0 | 111.1 | ..... | 6.83 |
| Capital Reserve Inc | 0 | 87.79 | 87.79 | 87.86 | -0.02 | 6.83 |
| Comdty & Energy | 6 | 69.81 | 69.81 | 74.66 | -0.27 | 1.82 |
| 1992 Enterprise | 6 | 64.18 | 64.18 | 68.64 | -0.64 | 3.00 |
| Euro Capital Acc | 6 | 86.96 | 86.96 | 93.00 | +0.46 | 1.12 |
| Euro Capital Inc | 6 | 83.08 | 83.08 | 88.85 | +0.44 | 1.13 |
| General | 6 | 163.2 | 163.2 | 174.5 | +1.9 | 2.87 |
| Japan | 6 | 88.73 | 88.73xd | 94.89 | -0.13 | – |
| Mastertrust | 6 | 87.52 | 87.52 | 93.60 | +0.19 | 2.74 |
| UK Growth Acc | 6 | 164.7 | 171.5 | 182.4 | +0.5 | 2.19 |
| UK Growth Dist | 6 | 104.6 | 109.0xd | 115.9 | +0.3 | 2.23 |
| US Emerging Cos | 6 | 83.12 | 84.63 | 90.03 | +0.45 | – |
| Income & Growth | 6 | 282.9 | 282.9xd | 302.5 | +2.4 | 4.63 |
| Ethical | 6 | 51.74 | 53.12 | 56.51 | +0.06 | 2.76 |
| International | 6 | 60.86 | 61.72 | 65.65 | +0.07 | 1.34 |
| Dividend & Growth | 6 | 44.70 | 45.86 | 48.78 | +0.28 | 6.15 |
| Global Gwth & Sec | 6 | 52.56 | 52.87 | 56.24 | -0.05 | 3.09 |

**Aberforth Unit Trust Managers Ltd (1600)F**
16 Chester St, Edinburgh EH3 7RA 031 220 0733

**Britannia Life Unit Managers Ltd (1200)F**
190 West George St, Glasgow G2 2PA 041-332 3132

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Balanced Growth | 6 | 74.68 | 75.50 | 80.75 | -0.05 | 3.00 |
| Do (Accum) | 6 | 79.98 | 80.86 | 86.48 | -0.05 | 3.00 |
| Service Cos | 6 | 63.44 | 63.44 | 67.85 | +0.35 | 2.26 |
| Do (Accum) | 6 | 67.37 | 67.37 | 72.05 | +0.37 | 2.26 |
| Income Growth | 6 | 38.83 | 38.83xd | 41.53 | +0.20 | 5.70 |
| Do (Accum) | 6 | 55.92 | 55.92 | 59.81 | +0.29 | 5.70 |
| Higher Yield | 6 | 30.54 | 30.54xd | 32.67 | +0.15 | 4.90 |
| Do (Accum) | 6 | 39.83 | 39.83 | 42.60 | +0.20 | 4.90 |
| American Gth Inc | 6 | 37.51 | 37.51 | 40.12 | -0.05 | 0.63 |
| Do (Accum) | 6 | 38.22 | 38.22 | 40.88 | -0.05 | 0.63 |
| European Growth | 6 | 25.14 | 25.14 | 26.89 | +0.11 | 1.74 |
| Do (Accum) | 6 | 25.85 | 25.85 | 27.64 | +0.11 | 1.74 |
| Global Bond Inc | 6 | 23.14 | 23.25 | 24.84 | -0.06 | 6.48 |
| Do (Accum) | 6 | 27.46 | 27.56 | 29.48 | -0.06 | 6.48 |
| Managed P'folio Inc | 6 | 25.64 | 25.72 | 27.51 | +0.03 | 0.22 |
| (Do Accum) | 6 | 25.64 | 25.72 | 27.51 | +0.03 | 0.22 |

**Brown Shipley & Co Ltd (1000)F**
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Mngd P'follo Inc | 6 | 78.03 | 78.03 | 83.10 | +0.01 | 2.50 |
| Mngd P'follo Acc | 6 | 144.0 | 144.0 | 153.4 | +0.30 | – |
| UK General | 6 | 115.5 | 115.5 | 123.0 | +0.70 | 4.12 |
| Conv & General | 6 | 15.85 | 15.85xd | 16.88 | +0.02 | 11.28 |
| European Inc | 6 | 19.97 | 19.97 | 21.52 | +0.07 | 0.52 |
| European Acc | 6 | 20.52 | 20.52 | 22.10 | +0.07 | – |
| Financial | 6 | 91.10 | 91.10 | 97.03 | +0.27 | 4.87 |
| Foundation | 6 | 59.11 | 60.50 | 64.43 | +0.20 | 4.36 |
| German | 6 | 34.67 | 34.67 | 37.15 | +0.16 | 0.11 |
| Growth Inc (5-1) | 5 | 22.94 | 23.00 | 24.50 | +0.25 | 3.78 |
| Growth Acc (5-1) | 5 | 25.74 | 25.81 | 27.49 | +0.28 | – |
| High Income | 6 | 56.12 | 56.22 | 60.04 | +0.30 | 7.28 |
| Income | 6 | 88.70 | 88.70 | 94.73 | +0.34 | 5.72 |
| Intl Income | 6 | 75.89 | 75.89xd | 80.82 | +0.19 | 5.97 |
| Intl Growth ◊ | 6 | 28.41 | 28.41 | 30.26 | +0.05 | 0.36 |
| Monthly Income | 6 | 52.98 | 54.84 | 58.40 | +0.30 | 5.77 |
| North American | 6 | 82.20 | 82.87xd | 88.26 | -0.06 | 0.25 |
| Orient ◊ | 6 | 85.94 | 85.94 | 92.46 | -0.16 | – |

**Gartmore Fund Managers (1200)F**
Gartmore House, 16-18 Monument Street London EC3R 8AJ 071-782 2000
Dealings only:0277-264421
Investor Services: Freephone 0800-289 336

**MGM Unit Managers Ltd (1000)F**
MGM House, Heene Rd, Worthing
Dealing: 0277 261010 Enq: 0903 204631

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| High Income | 5 | 219.9 | 222.9 | 237.1 | +1.9 | 4.98 |
| (Accum Units) | 5 | 354.7 | 361.7 | 384.7 | +3.1 | 4.98 |
| UK Growth | 5 | 274.6 | 278.3 | 296.0 | +1.8 | 4.65 |
| (Accum Units) | 5 | 331.5 | 336.0 | 357.4 | +2.2 | 4.65 |
| Int Equity Gth ◊ | 5 | 47.70 | 47.79 | 50.84 | +0.08 | 1.35 |
| Intl Bond | 5 | 54.32 | 54.32 | 57.04 | -0.09 | 7.05 |
| Special Sits Gwth | 5 | 15.46 | 15.94 | 16.95 | +0.14 | 3.75 |
| North American Gwth | 5 | 69.67 | 69.94 | 74.40 | +0.1 | 0.98 |
| European Growth ◊ | 6 | 49.26 | 49.52 | 52.66 | +0.13 | 1.46 |

**MW Investment Managers Ltd (0659)F**
46 Court St, Haddington, E. Lothian 062 082 5867
MW Joint Investors ... 0 | 1053.8 | 1053.8 | 1076.3 | ...... | 4.39

**Maiden Unit Trust Managers Ltd (1400)F**
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242
Maiden General ... 0 | 103.5 | 103.5 | 106.6 | -0.2 | 5.46

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

### Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Life Funds** | | | | |
| Fixed Int. Dep. Acc. | 328.0 | 345.3 | +0.1 | - |
| Equity Acc. | 1019.9 | 1073.0 | +4.3 | - |
| Property Acc. | 489.5 | 515.3 | - | - |
| Far East Acc. | 194.4 | 204.7 | -0.4 | - |
| European Acc. | 26.1 | 27.5 | +0.1 | - |
| Managed Cap. | 417.5 | 439.5 | +1.6 | - |
| Managed Acc. | 799.2 | 841.3 | +2.9 | - |
| O'seas Earnings Acc. | 710.9 | 748.4 | +5.7 | - |
| Gilt Edged Acc. | 375.4 | 395.2 | -0.2 | - |
| American Equity Acc. | 558.7 | 588.2 | -3.6 | - |
| American Man.Acc. | 247.8 | 260.7 | -1.3 | - |
| American Prop Acc. | 121.5 | 127.9 | +0.2 | - |
| High Income Acc. | 23.4 | 24.7 | +0.1 | - |
| **Gen 4** | | | | |
| Fixed Int Dep Acc. | 27.3 | 28.8 | -- | - |
| Equity Acc. | 26.6 | 28.1 | +0.1 | - |
| Property Acc. | 23.3 | 24.6 | -- | - |
| Far East Acc. | 22.6 | 23.8 | ---- | - |
| European Acc. | 21.9 | 23.1 | .... | - |
| Managed Acc. | 26.7 | 28.2 | +0.1 | - |
| Overseas Acc. | 27.4 | 28.9 | +0.2 | - |
| Gilt Acc. | 29.1 | 30.7 | | - |
| Am Equity Acc. | 27.6 | 29.1 | -0.2 | - |
| Am Managed Acc. | 26.7 | 28.2 | -0.2 | - |
| Am Property Acc. | 20.9 | 22.1 | -- | - |
| High Income Acc. | 23.4 | 24.7 | +0.1 | - |
| High Income Ser 2 | 23.4 | 24.7 | +0.1 | - |
| **Pension Funds** | | | | |
| F.I.Dep Cap. | 361.9 | 381.0 | -- | - |
| F.I.Dep.Acc. | 678.9 | 714.7 | +0.2 | - |
| Prop. Cap. | 507.1 | 533.8 | +0.1 | - |
| Prop. Acc. | 1052.0 | 1107.4 | +0.3 | - |
| Man. Cap. | 874.2 | 920.3 | +3.8 | - |
| Man. Acc. | 1813.8 | 1909.3 | +8.0 | - |
| Gilt Edged Cap. | 367.2 | 386.6 | -0.4 | - |
| Gilt Edg. Acc. | 621.3 | 654.1 | -0.5 | - |
| Eq. Cap. | 1421.3 | 1496.2 | +7.1 | - |
| Eq. Acc. | 2238.3 | 2350.9 | +11.5 | - |
| Am. Eq Cap | 199.7 | 210.3 | -1.0 | - |
| Am. Eq Acc. | 264.1 | 278.0 | -1.3 | - |
| Far East Cap. | 202.8 | 213.5 | -0.7 | - |
| Far East Acc. | 268.1 | 282.3 | -0.8 | - |
| Euro Cap. | 30.4 | 32.0 | +0.1 | - |
| Euro. Acc. | 36.1 | 38.1 | +0.1 | - |
| B.S. Cap. | 422.9 | 444.1 | +0.1 | - |
| B.S. Acc. | 770.8 | 809.4 | +0.3 | - |
| D.A.F. Cap. | 325.6 | 325.6 | +0.1 | - |
| D.A.F. Acc. | 528.7 | 528.7 | +0.1 | - |
| Mortgage Cap. | 195.4 | 205.7 | ---- | - |
| Mortgage Acc. | 258.4 | 272.0 | +0.1 | - |
| **Barings Funds** | | | | |
| Per Equ Cap | 31.2 | 32.9 | +0.2 | - |

### Century Life Plc

2 Eyre Street Hill, London EC1R 5AE 071-278 4488

City Of Edinburgh Life Assurance

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Life Funds** | | | | |
| Far East Emerg Econ. | 38.1 | 40.0 | +0.1 | - |
| Fund of Inv Tsts. | 57.3 | 60.4 | +0.1 | - |
| Money. | 156.8 | 164.6 | +0.1 | - |
| Special Situations. | 82.6 | 86.7 | +0.4 | - |
| UK Growth. | 125.1 | 131.4 | +0.5 | - |
| World Growth. | 121.4 | 127.5 | -0.2 | - |
| **Pension Funds** | | | | |
| Fund of Inv Tsts. | 129.1 | 135.5 | +0.4 | - |
| Special Situations. | 122.1 | 128.2 | +0.5 | - |
| UK Growth. | 208.9 | 219.4 | +0.9 | - |
| World Growth. | 150.2 | 157.7 | -0.2 | - |
| **UK Life Assurance** | | | | |
| Managed. | 103.0 | 108.4 | +0.2 | - |
| Property. | 116.0 | 122.2 | -0.2 | - |
| Equity | 133.7 | 140.7 | +0.4 | - |
| International. | 89.9 | 94.7 | -0.1 | - |
| Fixed Interest. | 129.8 | 136.6 | -0.2 | - |
| Deposit. | 138.9 | 146.2 | ... | - |
| Langham 'A' Plan. | 105.9 | 111.4 | ..... | - |
| Langham Prop Bond | 611.0 | 643.1 | .. | - |
| Langham Wisp Managed | 160.0 | 168.4 | ... | - |
| **Pension Funds** | | | | |
| Managed Capital | 75.6 | 79.5 | +0.1 | - |
| Managed Accum. | 105.8 | 111.4 | +0.2 | - |
| Property Capital | 87.2 | 91.8 | -0.2 | - |
| Property Accum. | 121.9 | 128.3 | -0.4 | - |
| Equity Capital. | 101.8 | 107.2 | +0.5 | - |
| Equity Accum. | 142.7 | 150.2 | +0.7 | - |
| Intl Capital. | 62.7 | 66.0 | -0.1 | - |
| Intl Accum. | 87.8 | 92.4 | -0.1 | - |
| Fixd Int Capital. | 103.4 | 108.9 | -0.1 | - |
| Fxd Int Accum. | 144.7 | 152.3 | -0.2 | - |
| Deposit Capital | 120.2 | 126.6 | .. | - |
| Deposit Accum. | 168.4 | 177.3 | .. | - |
| Langham Harvest. | 276.7 | 291.2 | .. | - |

## INSURANCES

## OTHER UK UNIT TRUSTS

Continued on next page

# FT MANAGED FUNDS SERVICE

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**N & P Life Assurance Ltd**
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Life Managed Fd | 107.9 | 113.6 | ..... | - |
| Pension Managed Fd | 106.5 | 112.1 | ..... | - |
| Life Deposit Fd | 111.9 | 117.8 | ..... | - |
| Pension Deposit Fd | 119.1 | 125.4 | ..... | - |

For National Fin see Target Life

**National Mutual Life**
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| *Harvester Pension Funds* | | | | |
| Managed | 168.6 | 177.5 | ... | - |
| UK Equity | 176.1 | 185.4 | ... | - |
| Overseas Equity | 134.3 | 141.4 | ... | - |
| Fixed Interest | 159.4 | 167.8 | .... | - |
| Property | 128.2 | 135.0 | .. | - |
| Index Linked | 152.6 | 160.7 | ... | - |
| Deposit | 166.2 | 175.0 | ... | - |
| With Profits (B) | 136.0 | 143.2 | .. | - |

**National Provident Institution**
48 Gracechurch St, London EC3P 3HH 071-623 4200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed | 351.5 | 370.1 | +1.4 | - |
| UK Equity | 438.6 | 461.7 | +4.1 | - |
| Overseas Eq | 338.8 | 356.7 | -1.0 | - |
| Americas | 298.2 | 313.9 | -1.4 | - |
| Far East | 345.4 | 363.6 | +0.5 | - |
| Property | 193.8 | 204.0 | .. | - |
| Fixed Int | 275.9 | 290.5 | -0.6 | - |
| Indexed Gilt | 162.4 | 171.0 | -0.6 | - |
| Deposit | 190.0 | 200.1 | ... | - |
| With Profit | 106.5 | 112.1 | ... | - |
| *Pension Fund (Accum Units)* | | | | |
| Managed | 508.1 | 534.9 | +2.6 | - |
| UK Equity | 592.6 | 623.8 | +5.5 | - |
| Overseas Eq | 574.5 | 604.8 | +0.6 | - |
| Americas | 385.6 | 405.9 | -1.7 | - |
| Far East | 570.2 | 600.3 | +2.1 | - |
| Property | 248.2 | 261.3 | -0.1 | - |
| Fixed Int | 345.7 | 363.9 | -0.9 | - |
| Indexed Gilt | 177.0 | 186.4 | -0.7 | - |
| Deposit | 269.9 | 284.2 | +0.1 | - |
| *NPI Pensions Management Ltd* | | | | |
| Managed Fund | 1078.5 | 1097.8 | ... | - |

Prices January 2 Next dealing February 3

**Norwich Union Asset Management Ltd**
PO Box 140, Norwich NR3 1PP 0603 622200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| *NUAM Funds* | | | | |
| Managed Fund | 72.1 | 75.9 | +0.3 | - |
| Stock Market Mngd Fund | 71.1 | 74.9 | +0.3 | - |
| Equity Fund | 79.5 | 83.7 | +0.6 | - |
| International Fund | 62.5 | 65.8 | +0.1 | - |
| European Fund | 63.7 | 67.1 | +0.2 | - |
| North American Fund | 72.8 | 76.6 | -0.1 | - |
| Pacific Fund | 66.7 | 70.2 | .. | - |
| Property Fund | 77.6 | 81.6 | .. | - |
| Fixed Interest Fund | 62.9 | 66.2 | -0.1 | - |
| Index linked Sec Fund | 63.5 | 66.8 | -0.2 | - |
| Deposit Fund | 72.8 | 76.7 | ... | - |
| *NUAM Retirement Plans* | | | | |
| Mixed Fund | 79.7 | 83.9 | +0.4 | - |
| UK Ordinary Share Fd | 92.0 | 96.8 | +0.8 | - |
| International Fund | 66.7 | 70.2 | +0.2 | - |
| Property Fund | 84.3 | 88.7 | ... | - |
| Fixed Interest Fund | 77.7 | 81.8 | -0.1 | - |
| Index Linked Sec Fund | 67.8 | 71.4 | -0.1 | - |
| Deposit Fund | 87.6 | 92.2 | ... | - |
| *NUAM (NF)* | | | | |
| Managed Fund | 1015.7 | 1069.2 | +4.8 | - |
| Equity Fund | 2166.8 | 2280.9 | +17.6 | - |
| International Fund | 165.6 | 174.4 | +0.2 | - |
| Property Fund | 492.9 | 518.9 | +0.1 | - |
| Fixed Interest Fund | 472.8 | 497.7 | -0.9 | - |
| Index Linked Sec Fund | 64.8 | 68.3 | -0.2 | - |
| Deposit Fund | 300.4 | 316.3 | +0.1 | - |

**Norwich Union Life Insurance Soc.**
Surrey Street, Norwich NR1 3NG 0603 622200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| *Unitised Life* | | | | |
| With Profits Fd | 118.86 | 125.11 | +0.02 | - |
| Managed Fd | 99.03 | 104.24 | +0.39 | - |
| UK Ord Share Fd | 103.49 | 108.94 | +0.90 | - |
| International Fd | 91.19 | 95.98 | +0.13 | - |
| European Fd | 86.75 | 91.32 | +0.25 | - |
| North American Fd | 101.69 | 107.05 | -0.12 | - |
| Pacific Fd | 79.18 | 83.35 | +0.04 | - |
| Property Fd | 90.35 | 95.10 | +0.01 | - |
| Fixed Int Fd | 111.65 | 117.52 | -0.26 | - |
| Intl Bond Fd | 112.03 | 117.93 | -0.44 | - |
| Deposit Fd | 117.77 | 123.97 | +0.02 | - |
| *Unitised Pensions* | | | | |
| With Profits Fd | 161.87 | 170.39 | +0.04 | - |
| Managed Fd | 160.40 | 168.85 | +0.84 | - |
| UK Equity Fd | 170.12 | 179.08 | +1.53 | - |
| International Fd | 158.33 | 166.67 | +0.85 | - |

**Providence Capital Life Assc. Co Ltd**
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equity Acc | 214.6 | 226.4 | +1.6 | - |
| UK Fixed Int Acc | 195.0 | 205.8 | -0.5 | - |
| Intl Equities Acc | 174.3 | 183.9 | +0.6 | - |
| UK Managed Acc | 170.0 | 179.3 | +0.8 | - |
| Property Acc | 225.6 | 238.0 | ... | - |
| Money Acc | 135.0 | 142.5 | ... | - |
| Special Market Acc | 151.7 | 160.1 | -0.6 | - |
| Japan Equity Acc | 91.9 | 97.0 | ... | - |
| North American Acc | 106.1 | 112.0 | -0.7 | - |
| Pacific Acc | 91.3 | 96.4 | +0.1 | - |
| Technology Acc | 136.0 | 143.5 | +1.3 | - |
| Nat Resources Acc | 54.5 | 57.5 | -0.6 | - |
| European Acc | 100.3 | 105.9 | +0.8 | - |
| Residential Prop Acc | 85.0 | 89.7 | ... | - |
| Swiss Equities Acc | 33.3 | 35.2 | +0.2 | - |
| Hong Kong Acc | 69.4 | 73.3 | +0.3 | - |
| UK High Inc Eq Acc | 68.4 | 72.2 | +0.4 | - |
| Int Fixed Interest Acc | 61.9 | 65.4 | -0.1 | - |
| Int Managed Acc | 56.7 | 59.8 | +0.1 | - |
| HIP Managed Acc | 116.0 | 122.3 | .... | - |
| HIP Managed II Acc | 102.2 | 107.8 | .... | - |
| HIP Managed III Acc | 110.2 | 116.2 | ... | - |
| *Total Investment Bond* | | | | |
| UK Equity Initial | | 145.3 | +1.1 | - |
| UK Fixed Int Initial | | 132.3 | -0.4 | - |
| Intl Equities Initial | | 117.3 | +0.4 | - |
| UK Managed Initial | | 115.3 | +0.5 | - |
| Property Initial | | 154.1 | ... | - |
| Money Initial | | 92.0 | ... | - |
| Special Market Initial | | 117.3 | -0.5 | - |
| Japan Equity Initial | | 71.1 | ... | - |
| North American Initial | | 82.0 | -0.5 | - |
| Pacific Initial | | 70.7 | +0.1 | - |
| Technology Initial | | 105.1 | +0.9 | - |
| Nat Resources Initial | | 42.1 | -0.4 | - |
| European Initial | | 89.5 | +0.5 | - |
| Residential Prop Init | | 80.8 | ... | - |

**Royal Heritage Life Assurance Ltd—Contd.**

**Baring Funds**

# OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

## GUERNSEY (REGULATED)

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## IRELAND (SIB RECOGNISED)

## IRELAND (REGULATED)

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

# FT MANAGED FUNDS SERVICE

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| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **North Star Fund Managers—Contd.** | | | | |
| Second High Perform Fd. | DKr241.0 | 242.0 | ... | - |
| Mixed Intl Fd. | DM164.0 | 165.0 | | - |
| Invest Fd (Cayman) | DKr146.0 | 147.0 | - | - |
| High Perf Fd (Cayman) | DKr165.0 | 166.0 | | - |
| Bond Fd (Cayman) | DKr142.0 | 143.0 | ... | - |
| Mixed Fd (Cayman) | DKr132.0 | 133.0 | | - |
| High Security Fd. | DKr171.0 | 172.0 | | - |
| High Income Fd. | £12.2 | 12.2 | | - |
| Dollar Growth Fd | $1.43 | 1.44 | ..... | - |
| Dollar Income Fd. | $1.18 | 1.19 | .... | - |
| **North Star International Currency Fund** | | | | |
| US Dollars | $15.0 | 15.1 | ... | - |
| Pound Sterling | £15.8 | 15.9 | .... | - |
| Deutschemark | DM150.0 | 151.0 | | - |
| Japanese Yen | Y1470.0 | 1480.0 | | - |
| Danish Kroner | DKr155.0 | 156.0 | | - |
| Swiss Franc | SFr161.0 | 162.0 | ... | - |
| French Franc | FFr151.0 | 152.0 | ... | - |
| Swedish Kroner | SKr99.0 | 100.0 | | - |
| **Northfield International Ltd** | | | | |
| NAV Dec 31 | | $31.40 | | - |
| **Optima Fund Management** | | | | |
| Optima Fd NAV Jan 10 | | $14.82 | | - |
| Optima Fut Fd NAV Jan 8 | | $12.55 | .... | - |
| Optima Jap Fd NAV Jan 10 | | $8.64 | | - |
| **Orbis Investment Management Ltd** | | | | |
| Orbis Global Eqty | $12.67 | 13.32 | | - |
| Orbis Optimal Eqty | $16.02 | 16.84 | | - |
| Orbis Leveraged Eqty | $16.99 | 17.96 | ..... | - |
| * Prices on Jan 9 Next Pricing Jan 16 Weekly Pricing | | | | |
| **Orbitex Bahamas Ltd** | | | | |
| Orbitex Growth Fund | $7.2943 | 8.0537 | | - |
| Orbitex Nat Res Fd | C$6.5435 | 7.1976 | | - |
| **ORIENT Growth Fd** | | | | |
| NAV | | $9.91 | -0.10 | - |
| **PAM Futures Trading (Cayman) Ltd** | | | | |
| NAV Jan 13 | | $310.69 | | - |
| **PFC Internatl Portfolio Fd Mngt Ltd** | | | | |
| Specialist Growth Fd. | | $2.77 | | - |
| Balanced Growth Fd | | $2.38 | | - |
| Sterling Income Fd | | £1.57 | | - |
| Strategic Reserve Fd. | | $0.91 | | - |
| PFC-LCC & B. | | $13.33 | | - |
| PFC Cap Global P'tolio. | | $11.74 | | - |
| PFC Dynamic Mkts P'tolio. | | $10.52 | | - |
| **PRS International** | | | | |
| PRS Divfd Return. | | $8.67 | | - |
| PRS Acc'tion Arbitrage. | | $19.67 | | - |
| PRS Managed Futures. | | $24.32 | | - |

## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)

## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar rallies in late trading

The dollar staged a late rally on the foreign exchange markets yesterday, as flows out of the D-Mark raised expectations of a further strengthening of the US currency, *writes Simon London.*

The dollar lost some ground overnight in Far Eastern trading although dealers reported good two-way business, suggesting that sentiment remained evenly split between buyers and sellers.

Sellers had the edge in Japan, however. From a close of DM1.5780 and Y127.05 in New York, the US currency declined to DM1.5688 and Y126.05 by the close in Tokyo.

The Japanese currency was initially undermined by the emergence of another financial scandal involving the political establishment. Against this, the yen was supported by comments from Mr Yasushi Meino, Bank of Japan govenor, which were taken to rule out another early cut in the discount rate.

In European trading the cautious tone continued, with the dollar trading in a narrow range either side of DM1.57 for most of the morning session.

US retail sales figures for December, showing a decline of 0.4 per cent, at the more gloomy end of expectations, did nothing to assist the US currency.

However, a late surge took the US currency to DM1.5905 by the close, against DM1.5725 on Monday, with the rally continuing towards DM1.60 in New York.

Dealers pointed to the decision by the German metal workers union to ballot members on strike action in pursuit of a 10 per cent pay claim. As dealers switched out of the D-Mark, the US currency was the main beneficiary.

The dollar closed against the yen at Y126.80, the same as Monday's level, underlining that the majority of switching came from holders of D-Marks.

Earlier, the Bank of Spain surprised most observers by moving to increase 10-day interest rates at its regular money market tender. The bank increased rates from 12.5 per cent to 12.65 per cent, enough to lift the peseta marginally within the European exchange rate mechanism.

The peseta improved to Pta63.65, from Pta63.73, against the D-Mark, with similar modest gains against most other European currencies.

The Spanish currency is already the strongest with in the ERM and its marginal appreciation lifted the effective floor for sterling, the weakest currency in the system. The floor rose from DM2.8320 to DM2.8350 during the morning session.

Sterling responded by rising to DM2.8380, maintaining the slim margin above the floor which has been held since the middle of last week.

However, the weakness of the D-Mark during late afternoon took some of the pressure off sterling and by the close the UK currency had improved to DM2.85, from DM2.8350 on Monday. This was the peak for the day and in New York trading sterling had fallen back to DM2.8430, still comfortably above its ERM floor.

### £ IN NEW YORK

| Jan.14 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7815-1.7825 | 1.7980-1.7990 |
| 1 month | 1.05-1.03pm | 1.10-1.08pm |
| 3 months | 2.82-2.79pm | 2.89-2.86pm |
| 12 months | 9.78-9.68pm | 10.12-10.02p |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Jan.14 | Previous |
|---|---|---|
| 8.30 am | 90.4 | 90.3 |
| 9.00 am | 90.4 | 90.3 |
| 10.00 am | 90.4 | 90.3 |
| 11.00 am | 90.4 | 90.3 |
| Noon | 90.4 | 90.3 |
| 1.00 pm | 90.4 | 90.3 |
| 2.00 pm | 90.4 | 90.2 |
| 3.00 pm | 90.4 | 90.2 |
| 4.00 pm | 90.4 | 90.2 |

### CURRENCY MOVEMENTS

| Jan 14 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| Sterling | 90.4 | -21.4 |
| U.S Dollar | 62.0 | -16.9 |
| Canadian Dollar | 103.4 | +1.6 |
| Austrian Schilling | 110.6 | +12.4 |
| Belgian Franc | 112.3 | -1.4 |
| Danish Krone | 109.8 | +3.6 |
| D-Mark | 119.4 | +25.8 |
| Swiss Franc | 109.3 | +17.6 |
| Dutch Guilder | 115.4 | +16.9 |
| French Franc | 103.6 | -12.5 |
| Lira | 99.2 | -19.6 |
| Yen | 142.7 | +77.6 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jan.13

### CURRENCY RATES

[illegible]

### OTHER CURRENCIES

| Jan 14 | £ | $ |
|---|---|---|
| Hong Kong | 14.0365 - 14.0470 | 7.7580 - 7.7600 |
| Iran | 2558.00* | 1420.00* |
| Korea(Sth) | 1362.05 - 1384.00 | 758.50 - 767.50 |
| Kuwait | 0.51800 - 0.51800 | 0.28800 - 0.28830 |
| Luxembourg | 58.10 - 58.20 | 32.40 - 32.50 |
| Malaysia | 4.8960 - 4.9045 | 2.7040 - 2.7060 |
| Mexico | 5558.25 - 5570.35 | 3064.75 - 3065.75 |
| N Zealand | 3.3250 - 3.3295 | 1.8370 - 1.8395 |
| Saudi Ar | 6.7465 - 6.8225 | 3.7495 - 3.7505 |
| Singapore | 2.9540 - 2.9610 | 1.6325 - 1.6345 |
| S Af (Cm) | 5.0295 - 5.0420 | 2.7800 - 2.7820 |
| S Af (Fn) | 5.8110 - 5.9050 | 3.2105 - 3.2625 |
| Taiwan | 46.50 - 46.60 | 25.70 - 25.75 |
| U.A.E. | 6.6050 - 6.6820 | 3.6715 - 3.6735 |

*Floating rate. Correction for Jan.13 Australia $1 3430-1.3440

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Jan 14 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 129.767 | -2.89 | 6.05 | 50 |
| Belgian Franc | 42.4032 | 41.9565 | -1.05 | 4.08 | 41 |
| Dutch Guilder | 2.31643 | 2.29421 | -0.96 | 3.98 | 37 |
| D-Mark | 2.05586 | 2.03716 | -0.91 | 3.93 | 45 |
| Irish Punt | 0.767417 | 0.765520 | -0.25 | 3.24 | 2 |
| Italian Lira | 1538.24 | 1538.25 | 0.00 | 2.98 | -10 |
| Danish Krone | 7.84195 | 7.89952 | 0.73 | 2.23 | -43 |
| French Franc | 6.89509 | 6.94971 | 0.79 | 2.17 | -55 |
| Sterling | 0.696904 | 0.717675 | 2.98 | 0.00 | -58 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

### POUND SPOT - FORWARD AGAINST THE POUND

| Jan 14 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.7870 - 1.8120 | 1.7910 - 1.7920 | 1.05-1.03cpm | 6.97 | 2.82-2.79pm | 6.26 |
| Canada | 2.0555 - 2.0785 | 2.0650 - 2.0660 | 0.62-0.53cpm | 3.34 | 1.76-1.62pm | 3.27 |
| Netherlands | 3.1915 - 3.2125 | 3.2025 - 3.2125 | [illegible]cpm | 0.94 | [illegible]pm | 0.94 |
| Belgium | 58.10 - 58.75 | 58.10 - 58.20 | 13-8cpm | 2.17 | 25-18pm | 1.48 |
| Denmark | 10.9050 - 11.0375 | 10.9050 - 10.9150 | [illegible]cpm | 0.62 | [illegible]pm | 0.64 |
| Ireland | 1.0655 - 1.0700 | 1.0690 - 1.0700 | 0.02pm-0.03pdis | -0.06 | 0.03-0.12dis | -0.28 |
| Germany | 2.8350 - 2.8525 | 2.8475 - 2.8525 | [illegible]pfpm | 1.32 | [illegible]pm | 1.05 |
| Portugal | 244.70 - 246.75 | 245.70 - 246.70 | 86-106cdis | -4.68 | 169-218dis | -3.14 |
| Spain | 180.10 - 181.05 | 180.10 - 180.40 | 25-32cdis | -1.90 | 68-82dis | -1.66 |
| Italy | 2138.25 - 2147.30 | 2145.75 - 2146.75 | 2-4liredis | -1.68 | 6-8dis | -1.30 |
| Norway | 11.0700 - 11.2010 | 11.0700 - 11.0800 | [illegible]oredis | - | [illegible]pm | 0.16 |
| France | 9.6700 - 9.7250 | 9.7150 - 9.7250 | [illegible]cpm | 0.62 | [illegible]pm | 0.59 |
| Sweden | 10.3240 - 10.3645 | 10.3500 - 10.3600 | [illegible]oredis | -2.54 | [illegible]dis | -1.86 |
| Japan | 226.75 - 228.45 | 226.75 - 227.75 | [illegible]ydis | -6.93 | [illegible]pm | 5.17 |
| Austria | 19.94 - 20.04 | 19.98 - 20.01 | [illegible]gropm | 1.01 | [illegible]pm | 0.91 |
| Switzerland | 2.5175 - 2.5325 | 2.5225 - 2.5325 | [illegible]cpm | 2.97 | [illegible]pm | 2.57 |
| Ecu | 1.3920 - 1.3985 | 1.3970 - 1.3980 | 0.03pm-0.02cdis | 0.04 | 0.07-0.01pm | 0.11 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.40-5.35cpm . 12 Month 9.80-9.70pm

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Jan 14 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.7870 - 1.8120 | 1.7910 - 1.7920 | 1.05-1.03cpm | 6.97 | 2.82-2.79pm | 6.26 |
| Ireland† | 1.6780 - 1.6975 | 1.6780 - 1.6790 | 0.98-0.93cpm | 6.83 | 2.62-2.52pm | 6.12 |
| Canada | 1.1450 - 1.1495 | 1.1480 - 1.1490 | 0.33-0.36cdis | -3.60 | 0.84-0.89dis | -3.01 |
| Netherlands | 1.7630 - 1.7905 | 1.7895 - 1.7905 | 0.87-0.90cdis | -5.93 | 2.38-2.42dis | -5.36 |
| Belgium | 32.25 - 32.50 | 32.40 - 32.50 | 14.00-17.00cdis | -5.73 | 40.00-45.00dis | -5.24 |
| Denmark | 6.0745 - 6.0930 | 6.0875 - 6.0925 | 3.15-3.45oredis | -6.50 | 9.10-9.70dis | -6.17 |
| Germany | 1.5650 - 1.5910 | 1.5900 - 1.5910 | 0.76-0.77pfdis | -5.77 | 2.08-2.10dis | -5.26 |
| Portugal | 135.85 - 137.30 | 137.20 - 137.30 | 124-134cdis | -11.28 | 323-328dis | -9.49 |
| Spain | 99.75 - 100.70 | 100.60 - 100.70 | 72-76cdis | -8.82 | 211-218dis | -8.52 |
| Italy | 1182.50 - 1198.25 | 1197.75 - 1198.25 | 8.30-8.80liredis | -8.56 | 2.26-2.36dis | -0.77 |
| Norway | 6.1610 - 6.1850 | 6.1800 - 6.1850 | 3.50-3.80oredis | -7.08 | 10.20-10.70dis | -6.76 |
| France | 5.3410 - 5.4275 | 5.4225 - 5.4275 | 2.80-2.85cdis | -6.25 | 7.67-7.77dis | -5.69 |
| Sweden | 5.7040 - 5.7825 | 5.7775 - 5.7825 | 4.40-4.65oredis | -9.39 | 11.65-12.10dis | -8.22 |
| Japan | 125.80 - 126.85 | 126.75 - 126.85 | 0.12-0.13ydis | -1.18 | 0.32-0.33dis | -1.03 |
| Austria | 11.0275 - 11.0530 | 11.0475 - 11.0525 | 5.30-5.75grodis | -6.00 | 14.70-15.80dis | -5.52 |
| Switzerland | 1.3910 - 1.4120 | 1.4110 - 1.4120 | 0.44-0.47cdis | -3.87 | 1.28-1.32dis | -3.68 |
| Ecu | 1.2835 - 1.3000 | 1.2850 - 1.2860 | 0.75-0.73cpm | 6.91 | 2.00-1.94pm | 6.13 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Jan 14 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dutch Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D-Mark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| French Franc | 10 - [illegible] | 10 - [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | 12 - 10 | 12 - 11½ | 12 - 11½ | 12 - 11½ | 12 - [illegible] | [illegible] |
| Belgian Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Danish Krone | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Asian $Sing | 3 - [illegible] | [illegible] | [illegible] | 3 - [illegible] | [illegible] - 3 | [illegible] |

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Jan.14 | £ | $ | DM | Yen | F Fr. | S Fr. | N Fl. | Lira | C$ | B Fr. | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.792 | 2.850 | 227.3 | 9.720 | 2.528 | 3.208 | 2146 | 2.066 | 58.20 | 1.398 |
| $ | 0.558 | 1 | 1.590 | 126.8 | 5.424 | 1.411 | 1.790 | 1198 | 1.153 | 32.48 | 0.780 |
| DM | 0.351 | 0.629 | 1 | 79.75 | 3.411 | 0.887 | 1.126 | 753.0 | 0.725 | 20.42 | 0.491 |
| YEN | 4.399 | 7.884 | 12.54 | 1000. | 42.76 | 11.12 | 14.11 | 9441 | 9.089 | 256.0 | 6.150 |
| F Fr. | 1.029 | 1.844 | 2.932 | 233.8 | 10. | 2.601 | 3.300 | 2208 | 2.126 | 59.88 | 1.438 |
| S Fr. | 0.396 | 0.709 | 1.127 | 89.91 | 3.845 | 1 | 1.269 | 848.9 | 0.817 | 23.02 | 0.553 |
| N Fl. | 0.312 | 0.559 | 0.888 | 70.85 | 3.030 | 0.788 | 1 | 669.0 | 0.644 | 18.14 | 0.436 |
| Lira | 0.466 | 0.835 | 1.328 | 105.9 | 4.529 | 1.178 | 1.495 | 1000. | 0.963 | 27.12 | 0.651 |
| C $ | 0.484 | 0.867 | 1.379 | 110.0 | 4.705 | 1.224 | 1.553 | 1039 | 1 | 28.17 | 0.677 |
| B Fr. | 1.718 | 3.079 | 4.897 | 390.5 | 16.70 | 4.344 | 5.512 | 3687 | 3.550 | 100. | 2.402 |
| Ecu | 0.715 | 1.282 | 2.039 | 162.6 | 6.953 | 1.808 | 2.295 | 1535 | 1.478 | 41.63 | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

[illegible]

### Option on long-term French bond (MATIF)

| Strike | Calls March | Calls June | Calls September | Puts March | Puts June | Puts September |
|---|---|---|---|---|---|---|
| 106 | - | - | - | 0.07 | - | - |
| 107 | 1.94 | - | - | 0.17 | 0.34 | - |
| 108 | 1.14 | - | - | 0.38 | 0.56 | - |
| 109 | 0.57 | - | - | 0.81 | 0.92 | - |
| 110 | 0.24 | 0.99 | - | - | - | - |
| 111 | 0.08 | 0.66 | - | - | - | - |
| 112 | - | 0.40 | - | - | - | - |
| 113 | - | 0.22 | - | - | - | - |
| Open Int. | 128,811 | 19,523 | 490 | 98,926 | 15,840 | 250 |

Estimated volume 11,159 Total Open Interest 263,800

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10.5 | Credit Lyonnais | 10.5 | McDonnell Douglas Bnk. | 10.5 |
| Allied Trust Bank | 10.5 | Cyprus Popular Bk | 10.5 | Midland Bank | 10.5 |
| AIB Bank | 10.5 | Dunbar Bank PLC | 10.5 | Mount Banking | 10.5 |
| ● Henry Ansbacher | 10.5 | Duncan Lawrie | 10.5 | NatWestminster | 10.5 |
| B & C Merchant Bank | 10.5 | Equatorial Bank plc | 10.5 | Northern Bank Ltd | 10.5 |
| Bank of Baroda | 10.5 | Exeter Bank Limited | 11 | Nykredit Mortgage Bank | 11 |
| Banco Bilbao Vizcaya | 10.5 | Financial & Gen. Bank | 11 | Provincial Bank PLC | 14 |
| Bank of Cyprus | 10.5 | First National Bank Plc. | 14 | Roxburghe Bank Ltd. | 11.5 |
| Bank of Ireland | 10.5 | ● Robert Fleming & Co. | 10.5 | Royal Bk of Scotland | 10.5 |
| Bank of India | 10.5 | Robert Fraser & Ptnrs. | 11 | ● Smith & Williamson Secs. | 10.5 |
| Bank of Scotland | 10.5 | Girobank | 10.5 | Standard Chartered | 10.5 |
| Banque Belge Ltd | 10.5 | ● Guinness Mahon | 10.5 | TSB | 10.5 |
| Barclays Bank | 10.5 | ● Hambros Bank | 10.5 | Unibank plc | 10.5 |
| Benchmark Bank | 11 | Hampshire Trust Plc | 13.5 | ● United Bk of Kuwait | 10.5 |
| Brit Bk of Mid East | 10.5 | Heritable & Gen Inv Bnk. | 10.5 | Unity Trust Bank Plc | 10.5 |
| ● Brown Shipley | 10.5 | ● Hill Samuel | 10.5 | Western Trust | 10.5 |
| CL Bank Nederland | 10.5 | C. Hoare & Co. | 10.5 | Westpac Bank Corp. | 10.5 |
| Citibank NA | 10.5 | Hongkong & Shanghai | 10.5 | Whiteaway Laidlaw | 10.5 |
| City Merchants Bank | 10.5 | Julian Hodge Bank | 10.5 | Yorkshire Bank | 10.5 |
| Clydesdale Bank | 10.5 | ● Leopold Joseph & Sons | 10.5 | | |
| Co-operative Bank | 10.5 | Lloyds Bank | 10.5 | | |
| Coutts & Co | 10.5 | Meghraj Bank Ltd | 10.5 | | |

● Members of British Merchant Banking & Securities Houses Association.

## MONEY MARKETS

# UK rates steady

UK money rates closed unchanged yesterday, with sentiment generally buoyed by the gains of sterling against the D-Mark within the European exchange rate mechanism, *writes Simon London.*

The Bank of England forecast a £900m liquidity shortage in early morning, later revised to £1.05bn. In early assistance, the Bank purchased £100m paper for resale to the market at 10 1/16 per cent in equal amounts on January 27 and 28.

Later in the morning this pattern was repeated but on a larger scale, the Bank buying £700m paper at the same rate, of resale in equal amounts on the same dates.

Afternoon assistance comprised the purchase of a modest £32m band 1 bank bills at 10⅜ per cent. Late assistance totalled £100m bringing the liquidity injection for the day to £932m, around £120m less than the forecast shortage.

Rates were steady to softer for most of the day. Having closed on Monday at 10¼ - ⅛ per cent, overnight unsecured money traded down to 10⅛ - ¼ per cent in late morning before firming to close back at Monday's levels.

The March short sterling futures contract on the London International Financial Futures Exchange closed at 89.62, from 89.49 on Monday, implying base lending rates of 10.38 per cent by the spring.

Sterling gained ground against the D-Mark in late trading on the foreign exchange markets, having been firm for most of the day, to close at DM2.85.

During the morning, the Bank of Spain increased money market interest rates from 12.5 per cent to 12.65 per cent, enough to lift the peseta against other European currencies and lift sterling's floor to around DM2.8355.

In Frankfurt, call money rates were squeezed higher for the second day running as financial institutions scrambled for funds ahead of a dealine for taxation payments later this month. Call money traded up to 9.55/60 per cent, from 9.45/55 on Monday and 9.40/9.50 for most of last week.

Today, rates could be pushed higher still with DM33.8bn being drained from the market by the expiry of two Bundesbank repurchase pacts. The authorities are expected to replace the lost liquidity with a fresh repurchase agreement, although the Bundesbank may be content to see rates closer to 9.75 per cent, the Lomard emergency funding rate for financial institutions.

**UK clearing bank base lending rate**
**10.5 per cent**
**from September 4, 1991**

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Jan.14) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 4¼ | offer 4¼ | bid 4¼ | offer 4¼ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

[illegible]

| Jan 14 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 9.50-9.60 | 9.40-9.50 | 9.40-9.50 | 9.40-9.50 | 9.35-9.45 | 9.75 |
| Paris | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.60 |
| Zurich | [illegible] | [illegible] | - | [illegible] | - | - |
| Amsterdam | 9.31-9.44 | 9.50-9.58 | - | 9.48-9.56 | - | - |
| Tokyo | [illegible] | [illegible] | - | [illegible] | - | - |
| Milan | 12-12¼ | [illegible] | - | [illegible] | - | - |
| Brussels | 9.25-9.31 | [illegible] | - | [illegible] | - | - |
| Dublin | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | - |

### LONDON MONEY RATES

| Jan 14 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 11¼ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Interbank Bid | 10 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling CDs | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Local Authority Deps. | 10½ | 10½ | [illegible] | [illegible] | [illegible] | [illegible] |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps | [illegible] | 10½ | - | - | - | - |
| Company Deposits | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Finance House Deposits | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Treasury Bills (Buy) | - | - | [illegible] | 10 | [illegible] | - |
| Bank Bills (Buy) | - | - | [illegible] | [illegible] | [illegible] | - |
| Fine Trade Bills (Buy) | - | - | - | - | - | - |
| Dollar CDs | - | - | 4.12 | 4.12 | 4.12 | 4.42 |
| SDR Linked Dep. Offer | - | - | 7 | [illegible] | [illegible] | [illegible] |
| SDR Linked Dep. Bid | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Linked Dep. Offer | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Linked Dep. Bid | - | - | [illegible] | [illegible] | [illegible] | [illegible] |

Treasury Bills (sell); one-month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Treasury Bills; Average tender rate of discount 9.9712 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1991. Agreed rates for period Jan.25, 1991 to February 25, 1992, Scheme I: 11.80 p.c., Schemes II & III: 12.06 p.c. Reference rate for period Nov 30, 1991 to December 31, 1991, Scheme IV&V: 10.812 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from January 1, 1992. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

## LEGAL NOTICES

[illegible]

No. 0011749 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
THE HONOURABLE MR JUSTICE
HOFFMANN
MONDAY the 9th day of December 1991

[illegible]

## PERSONAL

[illegible]



# MONEY MARKET FUNDS

## Money Market Trust Funds

[illegible]

## Money Market Bank Accounts

[illegible]

## JOTTER PAD

# CROSSWORD

### No.7,747 Set by GRIFFIN

**ACROSS**

1 Officer starts marching, hopeful of meeting someone halfway (12)
10 After ten members drink and embrace (7)
11 Redhead taken in by thinner student (7)
12 Old lady goes round job centre to grumble (5)
13 When on strike performing like a star (8)
15 Obstructions put round street by lawyers (10)
16 Unpleasant plan (4)
18 Egg our geese have hidden (4)
20 Even scoffed after I'd returned the concentrated essence (10)
22 Truly snug retreat in consecrated surroundings (8)
24 Boy's rights to take ring back, say (5)
26 View inside bulb is very good (7),
27 US soldier returns to excellent base (7)
28 Loans in teens could become unnecessary (12)

**DOWN**

2 In our case a strange to-do in the open air (7)
3 I grope in jumble for a negligee (8)
4 Start a duck enclosure (4)
5 Treat poor, sick American to top picture (10)
6 Silly Ann's moved in, in other words (5)
7 Non-Jewish man rejected priest (7)
8 One living close to gangster's district (13)
9 Overcome with grief, penniless, and there in error (6-7)
14 Heather undresses without seeing the youths (10)
17 Musician takes wine home in it (8)
19 Agent in troubled plant (7)
21 Real bag-making, something taught at school (7)
23 Descendant's lad is about 101! (5)
25 There's nothing up with Edward starting a row! (4)

Solution to Puzzle No.7,746

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| F | L | A | T | I | R | O | N | | A | C | C | O | R | D |
| O | | N | | N | | U | | | | N | | R | | E |
| R | E | N | O | V | A | T | E | | R | A | D | I | U | M |
| E | | U | | A | | O | | | | R | | G | | A |
| S | T | A | N | D | O | F | F | | M | I | D | A | I | R |
| T | | L | | E | | S | | S | | S | | N | | C |
| | | | | | P | O | R | T | S | M | O | U | T | H |
| T | | S | | P | | R | | R | | A | | M | | E |
| A | L | T | E | R | A | T | I | O | N | | | | | |
| L | | U | | E | | S | | N | | T | | T | | S |
| K | E | N | N | E | L | | I | G | N | O | R | A | N | T |
| S | | N | | L | | | | R | | O | | N | | E |
| H | E | I | F | E | R | | C | O | S | T | L | I | E | R |
| O | | N | | C | | | | O | | O | | T | | N |
| P | I | G | S | T | Y | | A | M | M | O | N | I | T | E |

# WORLD STOCK MARKETS

### AUSTRIA

| January 14 | Sch. | + or − |
|---|---|---|
| Austrian Airlines | 2,520 | +40 |
| Creditanstalt Pf | 435 | +5 |
| EA General | 3,070 | +40 |
| EVN | 812 | +7 |
| Jungbunzlauer | 9,950 | +50 |
| OeMV | 1,003 | +4 |
| Perlmooser Zement | 1,501 | −9 |
| Radex Heraklith | 415 | +6 |
| Reininghaus Brue | 1,600 | ... |
| Steyr Daimler | 239 | +3 |
| Veitscher Magnesit | 282 | +3 |
| Verbund (Br) A | 501 | +2 |
| Wienerberger | 4,455 | +25 |
| Z-Laenderbank | 1,010 | ... |

### BELGIUM/LUXEMBOURG

| January 14 | Frs. | + or − |
|---|---|---|
| ACEC-Union Min | 2,230 | +90 |
| AG Group | 1,935 | +90 |
| Arbed | 3,400 | +30 |
| BBL | 3,300 | ... |
| Bank Intl a Lux | 11,800 | ... |
| Banq Gen Lux Pts | 11,950 | −25 |
| Barco | 1,022 | +18 |
| Bekaert | 9,850 | +320 |
| CBR Ciment | 7,330 | +30 |
| Cobepa | 4,880 | +30 |
| Cobepa AFV 1 | 4,805 | +25 |
| Cockerill Priv | 151 | +3 |
| Colruyt | 4,945 | −35 |
| Delhaize Frs Lion | 8,610 | −110 |
| Electrabel | 4,840 | −10 |
| Electrabel AFV | 4,850 | ... |
| Electrafina ACT | 2,730 | +30 |
| GBL | 3,175 | ... |
| GBL AFV 1 | 3,180 | +15 |
| GIB Group | 1,210 | +10 |
| GIB Group AFV | 1,172 | ... |
| Gechem | 329 | +2 |
| Gechem AFV | 316 | ... |
| Generale Banque | 6,200 | +50 |
| Gen Banque AFV1 | 6,150 | +50 |

### FRANCE (continued)

| January 14 | Frs. | + or − |
|---|---|---|
| Beghin-Say Cert Inv | 472 | +12 |
| Bongrain | 2,651 | +61 |
| Bouygues | 595 | +4 |
| CGIP | 1,066 | +14 |
| C M B Packaging | 170 | +2.10 |
| Canal+ | 1,028 | +16 |
| Cap Gemini S | 294 | −3.40 |
| Carrefour | 2,375 | ... |
| Casino | 147.50 | −1.10 |
| Cetelem | 692 | ... |
| Chargeurs | 990 | +10 |
| Club Mediterranee | 458 | ... |
| Coflexip | 339 | −6 |
| Coparex | 630 | +30 |
| C C F | 171 | +1 |
| Cr Fonc France | 1,014 | +12 |
| Cred Lyon (CI) | 512 | −8 |
| Credit Nationale | 1,020 | +6 |
| Darnart | 2,699 | +151 |
| Docks de France | 371 | +8 |
| Dollfus Mieg Cie | 287 | −12 |
| EBF | 740 | +15 |
| Eaux Cie Genl | 2,172 | +27 |
| Ecco | 375 | −4 |
| Elf-Aquitaine | 365.30 | +7.30 |
| Elf-Aquitaine Certs | 241 | +4.50 |
| Essilor Int | 323.80 | +3.80 |
| Euex | 1,705 | +44 |
| Eurafrance | 1,403 | +43 |
| Eurocom | 578 | −11 |
| Euro Disney | 144.50 | −1.80 |
| Exor | 1,320 | ... |
| Finextel | 119.50 | −3.50 |
| Fonc Lyonnaise | 600 | −11 |
| From C et Aux | 2,630 | +85 |
| GTM-Entrepose | 331.50 | +1.50 |
| Gal. Lafayette | 1,420 | +60 |
| Gaumont (Soc N) | 669 | +9 |
| Geophysique | 476.50 | −0.50 |
| Hachette | 145.90 | +3.90 |
| Havas | 451.90 | −0.60 |
| Imetal | 260.50 | +1.50 |
| Imm de France | 788 | −2 |
| Immobanque | 710 | −5 |
| Immob Phenix | 155 | −6 |
| Industrielle | 5,650 | |

### CANADA

#### TORONTO

3:00 pm prices January 14

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 2900 | Can Occ B | $27¼ | 27 | 21¼ | |
| 600 | Canamax | 35 | 35 | 35 | |
| 100 | Cantor | $25¾ | 25½ | 25⅝ | |
| 25000 | CnPcForest | $25 | 24¾ | 25 | +½ |
| 8000 | Cara Op | $5⅞ | 5⅞ | 5⅞ | |
| 300 | Cascades | $5¾ | 5¾ | 5¾ | |
| 200 | Celanese | $41¼ | 41¼ | 41¼ | −⅛ |
| 14700 | Cntrl Cap | 40 | 40 | 39 | −1 |
| 2700 | Cisapx Ods | 295 | 295 | 295 | +4 |
| 300 | Cntrl Fd A | 435 | d435 | 435 | |
| 158000 | Cominco | $20⅛ | 19¾ | 20 | +⅛ |
| 44600 | Coputalog | 70 | d65 | 70 | −2 |
| 37400 | Jannock | $16⅞ | 16½ | 16⅝ | −⅛ |
| 1200 | KerrAddis | $16 | 15⅝ | 16 | +⅛ |
| 10600 | Labatt | $26⅞ | 26⅝ | 26⅝ | −⅛ |
| 192100 | Lac Minls | $9⅛ | 8⅞ | 9 | +¼ |
| 1000 | Lafarge | $14⅝ | 14⅝ | 14⅝ | |
| 5700 | Laidlaw A | $11½ | 11¼ | 11½ | +⅛ |
| 615700 | Laidlaw B | $11⅝ | 11⅜ | 11½ | +¼ |
| 500 | Laurent Bk | $20 | 20 | 20 | |
| 100 | Laurent Gp | $6¾ | 6¾ | 6¾ | |
| 206500 | Ranger Oil | $8⅞ | 8¾ | 8⅞ | +⅛ |
| 400 | Rayrock | $5¼ | 5¼ | 5¼ | |
| 1600 | Reed Sten | $25 | 25 | 25 | +½ |
| 1200 | Reitman S x | $17 | 17 | 17 | |
| 23000 | Ren'ssance | $13½ | 13¼ | 13½ | +⅛ |
| 136700 | Repap Ent | $5⅝ | 5½ | 5⅝ | +⅛ |
| 2800 | Rio Algom | $17½ | 17 | 17½ | |
| 76700 | RogersComB | $13⅞ | 13¾ | 13⅞ | |
| 900 | Rothmans | u$80 | 80 | 80 | |
| 202800 | RoyalBkCan | u$28⅜ | 28⅛ | 28½ | +⅛ |
| 318000 | Ryl Oak Mn | u180 | 168 | 180 | +10 |
| 331700 | RylTrustco | $9 | 8¾ | 9 | +¼ |

#### MONTREAL

3:00 pm prices January 14

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 104600 | DominTxt A | $7½ | 7 | 7½ | +½ |
| 12700 | MacleanHnl | u$13 | 12⅞ | 13 | |
| 161100 | NatBk Can | u$12½ | 12¼ | 12½ | +⅛ |
| 22400 | Provigo | $9 | d8⅞ | 9 | |
| 8000 | Quebecor A | u$26 | 24½ | 26 | +1½ |
| 3700 | Teleglobe | u$11⅝ | 11½ | 11⅝ | +⅛ |
| 7900 | Videotron | $16 | 14⅞ | 16 | +⅛ |

Total Sales 12,468,800 shares

## INDICES

### NEW YORK

| DOW JONES | Jan 13 | Jan 10 | Jan 9 | Jan 8 | 1991/92 HIGH | 1991/92 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 3185.60 | 3199.46 | 3209.53 | 3203.94 | 3209.53 (9/1/92) | 2470.30 (9/1/91) | 3209.53 (9/1/92) | 41.22 (2/7/32) |
| Home Bonds | 99.33 | 99.34 | 99.47 | 99.38 | 99.47 (9/1/92) | 91.30 (16/1/91) | 99.47 (9/1/92) | 54.99 (1/10/81) |
| Transport | 1364.16 | 1361.83 | 1367.53 | 1380.42 | 1383.03 (7/1/92) | 894.30 (7/1/91) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 213.51 | 216.07 | 218.89 | 221.64 | 225.59 (3/1/92) | 195.17 (10/7/91) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 3215.56 (3235.91) Low 3161.67 (3165.92)

### STANDARD AND POOR'S

| | Jan 13 | Jan 10 | Jan 9 | Jan 8 | 1991/92 HIGH | 1991/92 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 414.34 | 415.10 | 417.61 | 418.10 | 419.34 (3/1/92) | 311.49 (9/1/91) | 419.34 (3/1/92) | 4.40 (1/6/32) |
| Industrials | 491.69 | 492.20 | 494.52 | 494.37 | 495.78 (3/1/92) | 364.90 (9/1/91) | 495.78 (3/1/92) | 3.62 (21/6/32) |
| Financial | 34.03 | 34.11 | 34.45 | 34.55 | 34.55 (8/1/92) | 21.96 (9/1/91) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 228.47 | 228.94 | 230.23 | 230.23 | 230.35 (3/1/92) | 170.97 (9/1/91) | 230.35 (3/1/92) | 4.46 (25/4/42) |
| Amex Mkt. Value | 407.89 | 405.64 | 407.57 | 403.48 | 407.89 (13/1/92) | 296.72 (14/1/91) | 407.89 (13/1/92) | 29.31 (9/12/72) |
| NASDAQ Composite | 617.63 | 615.70 | 619.80 | 610.32 | 619.80 (9/1/92) | 355.75 (14/1/91) | 619.80 (9/1/92) | 54.87 (31/10/72) |

| | Jan 10 | Jan 3 | Dec 27 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 2.89 | 2.90 | 2.99 | 4.13 |

| | Jan 8 | Dec 31 | Dec 24 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.54 | 2.55 | 2.68 | 3.31 |
| S & P Ind. P/E ratio | 25.51 | 25.35 | 24.21 | 15.92 |

### NEW YORK ACTIVE STOCKS

| Monday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Citicorp | 6,075,300 | 12 | + 1½ |
| RJ Nabisco | 4,181,000 | 11 | - ¼ |
| Glaxo | 2,795,500 | 33⅞ | + ⅛ |
| Rowan | 2,446,100 | 4⅞ | - ⅛ |
| Adv Micro | 1,988,000 | 19⅞ | + ⅜ |
| AT & T | 1,798,400 | 41 | ... |
| Gen Motors | 1,755,100 | 31½ | - ⅝ |
| Corning | 1,753,500 | 68⅞ | - 10⅛ |
| Royal Dutch | 1,600,100 | 81½ | + 1¼ |
| Ford Motor | 1,571,000 | 30⅞ | + ⅞ |

### TRADING ACTIVITY

| † Volume (Millions) | Jan 13 | Jan 10 | Jan 9 |
|---|---|---|---|
| New York SE | 195.751 | 236.060 | 291.780 |
| Amex | 19.603 | 18.745 | 23.642 |
| NASDAQ | 211.903 | 259.430 | 287.149 |
| **NYSE** | | | |
| Issues Traded | 2,204 | 2,208 | 2,217 |
| Rises | 789 | 659 | 1,001 |
| Falls | 966 | 1,082 | 778 |
| Unchanged | 449 | 467 | 438 |
| New Highs | 93 | 127 | 252 |
| New Lows | 15 | 16 | 13 |

### CANADA

| TORONTO | Jan 13 | Jan 10 | Jan 9 | Jan 8 | 1991/92 HIGH | 1991/92 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2972.56 | 2975.04 | 2998.40 | 2939.33 | 3299.99 (18/7/91) | 2632.06 (9/1/91) |
| Composite | 3594.40 | 3593.40 | 3580.60 | 3515.64 | 3604.09 (12/11/91) | 3161.95 (15/1/91) |
| MONTREAL Portfolio | 1903.86 | 1904.25 | 1903.47 | 1864.31 | 1907.36 (12/11/91) | 1686.89 (9/1/91) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed (u) Unavailable.

| | Jan 14 | Jan 13 | Jan 10 | Jan 9 | 1991/92 HIGH | 1991/92 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1651.7 | 1668.7 | 1667.9 | 1662.0 | 1696.3 (8/11/91) | 1204.5 (16/1/91) |
| All Mining (1/1/80) | 685.0 | 685.6 | 676.0 | 665.7 | 707.2 (24/7/91) | 561.6 (16/1/91) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/64) | 393.68 | 391.57 | 390.39 | 383.46 | 534.81 (16/4/91) | 372.24 (2/1/92) |
| **BELGIUM** | | | | | | |
| BEL20 (1/1/91) | 1114.86 | 1107.78 | 1107.00 | 1100.94 | 1212.15 (17/4/91) | 917.59 (17/1/91) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 362.28 | 361.76 | 360.45 | 357.62 | 380.04 (2/8/91) | 302.26 (8/1/91) |
| **FINLAND** | | | | | | |
| HEX General (28/12/90) | 862.9 | 853.3 | 829.9 | 811.9 | 1186.9 (8/4/91) | 765.2 (23/12/91) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 490.71 | 492.36 | 494.37 | 485.59 | 503.51 (15/11/91) | 394.88 (15/1/91) |
| CAC 40 (31/12/87) | 1843.81 | 1824.29 | 1837.44 | 1833.86 | 1887.29 (1/10/91) | 1425.26 (15/1/91) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 658.53 | 658.69 | 651.52 | 645.35 | 717.43 (17/6/91) | 570.48 (15/1/91) |
| Commerzbank (1/12/53) | 1859.4 | 1859.8 | 1840.7 | 1819.3 | 2035.2 (31/5/91) | 1612.5 (15/1/91) |
| DAX (30/12/87) | 1628.53 | 1622.67 | 1615.71 | 1589.76 | 1715.80 (21/6/91) | 1311.82 (16/1/91) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 4567.61 | 4325.91 | 4348.92 | 4334.54 | 4367.61 (14/1/92) | 2984.01 (16/1/91) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1402.58 | 1402.11 | 1406.68 | 1397.50 | 1520.65 (15/3/91) | 1114.86 (25/1/91) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 537.91 | 530.97 | 531.76 | 523.52 | 619.38 (3/6/91) | 482.89 (10/12/91) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 21775.13 | 21696.86 | 22381.90 | 23113.64 | 27146.91 (18/3/91) | 21456.76 (19/8/91) |
| Tokyo SE (Topix) (4/1/68) | 1624.40 | 1619.84 | 1660.16 | 1699.41 | 2028.85 (18/3/91) | 1619.84 (13/1/92) |
| 2nd Section (4/1/68) | 2369.52 | 2383.63 | 2405.26 | 2422.50 | 3423.45 (10/5/91) | 2369.52 (14/1/92) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 546.63 | 548.69 | 551.9 | 552.37 | 635.02 (29/5/91) | 470.41 (16/1/91) |
| **NETHERLANDS** | | | | | | |
| CBS Tll Rtn.Gen.(End 1983) | 279.7 | 277.4 | 277.1 | 277.5 | 284.8 (5/6/91) | 221.4 (16/1/91) |
| CBS All Shr (End 1983) | 196.5 | 194.8 | 194.6 | 194.9 | 203.1 (5/6/91) | 162.3 (16/1/91) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 706.29 | 698.09 | 689.66 | 691.35 | 793.53 (26/8/91) | 595.77 (2/12/91) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 1236.66 | 1224.34 | 1219.83 | 1208.09 | 1241.48 (7/1/92) | 582.64 (10/1/91) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 405.63 | 405.73 | 406.83 | 407.37 | 422.43 (26/4/91) | 315.07 (16/1/91) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 1251.04 | 1260.0 | 1276.0 | 1226.0 | 1469.0 (5/7/91) | 971.0 (25/2/91) |
| JSE Industrial (28/9/78) | 4454.04 | 4417.0 | 4422.0 | 4376.0 | 4454.0 (14/1/92) | 2829.0 (16/1/91) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 616.12 | 609.90 | 619.47 | 637.11 | 763.10 (6/8/91) | 586.51 (23/12/91) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 253.31 | 252.42 | 253.09 | 253.21 | 289.22 (18/3/91) | 213.70 (14/1/91) |
| **SWEDEN** | | | | | | |
| Affarsvariden Gen. (1/2/37) | 958.6 | 958.0 | 954.0 | 946.2 | 1149.8 (11/7/91) | 808.4 (8/1/91) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 766.2 | 761.5 | 762.6 | 758.7 | 769.3 (14/11/91) | 598.4 (14/1/91) |
| SBC General (1/4/87) | 616.2 | 613.1 | 615.8 | 612.2 | 638.0 (31/5/91) | 487.1 (14/1/91) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 4947.16 | 4904.43 | 4782.82 | 4803.51 | 6305.22 (9/5/91) | 3316.26 (15/1/91) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 732.10 | 727.85 | 727.63 | 725.70 | 908.13 (19/4/91) | 582.48 (16/1/91) |
| **WORLD** | | | | | | |
| M.S. Capital Intl (1/1/70) ($) | 523.6* | 520.1 | 524.5 | 536.4 | 542.1 (7/1/92) | 439.1 (16/1/91) |

** Saturday January 11. Taiwan Weighted Price 4856.82; Korea Comp Ex. 617.92.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

### TOKYO - Most Active Stocks

Tuesday, 14 January 1992

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Nippon Steel | 4.1m | 357 | +3 |
| Toyo Ink | 3.0m | 901 | +21 |
| NKK | 2.1m | 329 | +5 |
| Kawasaki Steel | 2.0m | 354 | +8 |
| Mitsubishi Heavy | 1.7m | 675 | -8 |
| Meiji Seika | 1.7m | 768 | -15 |
| Nippon Mining | 1.7m | 482 | +8 |
| Kobe Steel | 1.7m | 416 | +9 |
| Clarion | 1.6m | 930 | -42 |
| Hitachi | 1.6m | 899 | +6 |

*3:00 pm prices January 14*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1991 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 16⅞ | 9¼ | AAR Corp | 0.48 | 3.5 | 15 | 190 | 13⅝ | 13½ | 13⅝ | +⅛ |
| 24¼ | 14½ | A L Labs A | 0.16 | 0.6 | 27 | 188 | u24⅞ | 24⅝ | 24¼ | -⅛ |
| 60 | 40⅞ | AMP Inc | 1.44 | 2.3 | 25 | 1526 | u62⅞ | 60⅞ | 62⅞ | +2⅛ |
| 71 | 44¼ | AMR | | | | 132739 | u71¼ | 70⅛ | 71⅛ | |
| 2⅝ | 1 | ARX | | | 1 | 280 | 1⅝ | 1½ | 1⅝ | |
| 66 | 41½ | ASA | 3.00 | 6.0 | 14 | 486 | 50¼ | 49 | 49⅞ | +⅛ |
| 69½ | 39¼ | Abbott Lab x | 1.00 | 1.6 | 26 | 4701 | 65⅛ | 64¼ | 64½ | -⅜ |
| 14⅝ | 9⅞ | Abitibi Pr x | 0.50 | 4.0 | 17 | 44 | 12⅜ | 12½ | 12⅝ | +⅛ |
| 11⅝ | 10⅞ | ACM Gvt In x | 1.28 | 11.2 | | 339 | 11⅞ | 11¼ | 11⅜ | -⅛ |
| 9⅜ | 8⅞ | ACM GvOpp | 1.01 | 10.1 | | 47 | u10⅛ | 9⅞ | 10 | |
| 9½ | 6¼ | ACM Gvt Sp | 0.17 | 1.8 | | 216 | 9¼ | 9⅛ | 9¼ | |
| 11 | 9⅞ | ACM Gvt Se | 1.28 | 11.8 | | 370 | 10⅞ | 10¼ | 10⅞ | |
| 9⅛ | 7⅝ | ACM Mgn x | 0.47 | 5.2 | | 265 | u9⅛ | 8⅞ | 9⅛ | +⅛ |
| 12⅞ | 11½ | ACM Managd | 1.35 | 10.5 | | 171 | u12⅞ | 12¼ | 12⅞ | |
| 7½ | 4⅞ | Acme Cleve | 0.40 | 5.0 | 18 | 92 | u8 | 7⅞ | 8 | |
| 6 | 3⅜ | Acme Elect | | | 3 | 100 | 4⅞ | 4⅞ | 4⅞ | |
| 40 | 27⅞ | Acuson | | | 21 | 988 | 32⅞ | 32⅛ | 32⅞ | +⅛ |
| 20⅛ | 14¼ | Adams Exp x | 0.48 | 2.5 | 0 | 126 | 19 | 18⅞ | 19 | +⅛ |
| 20⅛ | 12⅞ | Adobe12Pf | 2.40 | 16.8 | | 287 | 14¼ | 13½ | 14¼ | +⅜ |
| 9¼ | 3⅞ | Adobe Res | | | 49 | 533 | 5 | 4⅞ | 5 | +½ |
| 43 | 18 | Ad Micro | | | | 334 | u46¼ | 45¼ | 46 | |
| 17⅜ | 4⅞ | Ad Micro P | 3.00 | 15.2 | 12 | 8752 | u20⅛ | 19½ | 19¾ | -⅛ |



Continued on next page

# NYSE COMPOSITE PRICES

Continued from previous page

| 1991 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 69¾ | 35¼ | Xerox | 3.00 | 4.3 | | 123738 | u69¾ | 68¼ | 69½ | +1¼ |
| 62¼ | 43¼ | Xerox4.125 | | | | 5 | 52 | 52 | 52 | −1 |
| 25¼ | 14⅛ | Xtra 1.94 | | | | 408 | u25½ | 25¼ | 25½ | +½ |
| 29¾ | 14⅛ | Xtra Corp | 0.72 | 2.4 | 15 | 227 | u30⅝ | 30 | 30⅝ | +⅝ |
| 27⅞ | 21¼ | Yankee Egy | 1.60 | 6.2 | 12 | 22 | 26¼ | 25⅞ | 25⅞ | −⅛ |
| 1½ | ⅜ | Zapata | | | 74 | 416 | ⅜ | ⅜ | ⅜ | |
| 9⅝ | 5¼ | ZenithElec | | | 2 | 409 | 8⅛ | 8 | 8 | −⅛ |
| 18½ | 12 | Zenith Nat x | 1.00 | 6.2 | 133 | 14 | 16⅛ | 16 | 16 | |
| 6⅝ | 4½ | Zenix Inc | 0.84 | 12.7 | | 180 | u6⅝ | 6½ | 6⅝ | +⅛ |
| 15⅛ | 10 | Zero Corp | 0.40 | 3.5 | 14 | 156 | 11⅞ | 11¼ | 11⅜ | |
| 41⅜ | 29½ | Zurn Ind | 0.88 | 2.3 | 15 | 405 | 38 | 37⅝ | 37¾ | |
| 13⅞ | 10¼ | Zweig Fund x | 1.16 | 8.3 | | 352 | u14 | 13⅞ | 14 | +⅛ |
| 10⅝ | 8½ | Zweig Totl x | 0.96 | 8.8 | | 742 | u11 | 10¼ | 10⅞ | +⅛ |

*Price data supplied by Telekurs.*

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows currently reflect the whole of 1991: highs and lows for 1992 will be shown with effect from Jan 16. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

3:00 pm prices January 14

# NASDAQ NATIONAL MARKET

3:00 pm prices January 14

| Stock | Div. | P/ E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| AdvWBrands | 0.40 | 27 | 1274 | u40¼ | 39⅝ | 39¾ | −⅛ |
| ACC Corp x | 0.16 | 40 | 220 | 14 | 13½ | 13⅞ | +⅛ |
| Acclaim E | | 26 | 2286 | 6⅛ | 5⅞ | 5⅞ | +⅛ |
| AcmeSteel | | 69 | 21 | 14 | 13¾ | 13¾ | |
| Acxom Cp | | 51 | 31 | 16 | 15¾ | 16 | +½ |
| Adaptech | | 30 | 5458 | u24⅞ | 22⅞ | 24⅝ | +1⅝ |
| ADC Tele | | 18 | 1937 | 30¼ | 28½ | 30⅛ | +1⅞ |
| Addington | | 168 | 284 | 9⅞ | 9½ | 9½ | −⅛ |
| Adia Serv | 0.16 | 22 | 24 | 16¼ | d15¼ | 16¼ | |
| Adobe Sys x | 0.32 | 28 | 9660 | 63¾ | 59¼ | 63½ | +3¾ |
| ADT Adr I | 0.32 | 4 | 7690 | 9⅛ | 8⅝ | 8¾ | |
| Advance C | | 7 | 209 | 8⅝ | 8⅜ | 8⅜ | |
| Adv Logic | | 6 | 285 | 9¼ | 8¾ | 8⅞ | −⅛ |
| Adv Polym | | 43 | 3456 | u15¾ | 14¼ | 15⅛ | −¼ |
| Adv Tele | | 14 | 220 | 18 | 17½ | 17½ | |
| Advanta | 0.24 | 17 | 475 | 38 | 37 | 37¼ | −½ |
| Advo Sys | | 21 | 91 | 23 | 22⅝ | 22⅝ | −⅝ |
| Aegon Adr | 1.60 | 6 | 4 | 60 | 59 | 59⅞ | |
| Affiliate | | 0 | 504 | ⅛ | d⅛ | ⅛ | |
| Agency Re | | 18 | 146 | 10⅞ | 10½ | 10⅝ | +⅛ |
| AgnicoEa | 0.08 | 2 | 306 | 4⅞ | 3⅞ | 4¼ | +¼ |
| Air Wisc | | 3 | 675 | 9⅛ | 8⅞ | 9 | +¼ |
| Akzo ADR | 0.41 | | 1558 | 38½ | 38 | 38¼ | +¼ |
| Aldus Cp | | 17 | 16041 | 31¼ | 28¼ | 30¼ | −½ |
| Alex Brwn | 0.40 | 10 | 375 | u25¾ | 25⅛ | 25¾ | +⅛ |
| Alex Bald | 0.88 | 14 | 242 | 27⅛ | 26½ | 27⅛ | −⅛ |
| Allegh &W | | 23 | 354 | 4½ | 4¼ | 4⅜ | +⅛ |
| Allen Org | 0.40 | 11 | z100 | 34¼ | 32¼ | 32¼ | |
| Allen Ph | | 24 | 2261 | u32¼ | 30¼ | 32¼ | +2 |
| Alliant | | 0 | 621 | ⅝ | d½ | ½ | |
| AlloCapII | 1.13 | | 384 | u19½ | 19 | 19½ | +½ |
| Allo Cap | 1.27 | 10 | 120 | u17⅛ | 17¼ | 17¼ | |

- X - Y - Z -

| Stock | Div. | P/ E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Xilinx | | 33 | 15947 | 30 | 27¾ | 29½ | +4¾ |
| Xoma Corp | | 13 | 1719 | 23 | 22¼ | 23 | +¼ |
| Yellow Fr | 0.94 | 19 | 470 | 27⅞ | 26⅝ | 27¼ | +¼ |
| York Rsch | | 61 | 1031 | 7⅝ | 7 | 7⅛ | +⅛ |
| Zenith Nat x | 1.44 | 8 | 136 | 41 | 40¼ | 41 | −¼ |

FINANCIAL TIMES
Wednesday January 15 1992

AMERICA

# Dow nears all-time high as bullish mood returns

## Wall Street

*US stock prices rose sharply yesterday morning as investors shrugged off disappointing news on December retail sales, writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 19.68 at 3,205.28, approaching its all-time high of 3,209.53, set at the end of last week. The more broadly based Standard & Poors was also firmer at mid-session, up 1.41 at 415.75 at 1 pm, while the Nasdaq composite of over-the-counter stocks headed towards its own new record close, rising 3.38 to 621.01. Turnover on the NYSE was 143m shares by 1 pm, and rises outpaced declines by 958 to 636.

Yesterday's gains reversed two days of losses, which were more the result of profit-taking than of a significant change in investor attitudes. Low interest rates, which have made equities look more attractive than other forms of assets, and expectations of an economic recovery by mid-year, are still the dominant forces in the market. The fact that the current reporting season – covering the final quarter of 1991 – has so far included no nasty surprises has also helped to keep sentiment buoyant.

Among individual stocks, denials from Corning that the best-selling silicone breast implants made by its subsidiary Dow Corning are unsafe, and that full testing has been carried out on the product, failed to stem the decline in its share price, which fell another $2¼ to $66⅛. Dow Corning announced yesterday that it was taking a $25m charge in the fourth quarter, temporarily laying off some workers and closing two breast implant production lines. Dow Chemical, which is the other partner in the Dow Corning joint venture, fell $2⅝ to $51½.

American Express firmed $⅜ to $22⅝ on reports that the company is considering selling half of its ownership of Lehman Brothers, the Wall Street securities house. The sale, which could be partly to Lehman's management and partly to the public, could raise as much as $1bn.

Citicorp was again the most actively traded stock of the day, rising $⅞ to $12⅞ in turnover of almost 6m shares. Investors have been keen on the stock since Monday, when the banking group predicted a return to profitability this year.

Chase Manhattan, which reported fourth quarter earnings on Monday, edged $¼ higher at $20½ after confirming that it would like to buy Crossland Savings, the troubled New York savings and loan institution, from the Federal Deposit Insurance Corporation. Chase is believed to want only Crossland's core deposits, and not its loans or branches outside the New York area.

Oil stocks remained well-bid in the wake of higher petroleum prices. Texaco rose $1 to $60⅝, British Petroleum firmed $1⅛ to $64, Exxon climbed $⅜ to $59⅛, Chevron added $⅜ at $68⅜ and Occidental rose $⅛ to $18⅝.

## Canada

TORONTO climbed to session highs at midday as the drop in interest rates prompted retail investors to switch into equities. The TSE 300 composite index rose 15.0 to 3,609.4. Advancing issues led declines by 257 to 198 in moderate volume of 16.75m shares valued at C$195.68.

Small capitalisation issues once again paced the advance. Allelix Biopharmaceuticals rose C$1¼ to C$12⅛, Deprenyl Animal gained C$1⅛ to C$11⅞, Newbridge Networks firmed C$1¼ to C$13¾ and Biomira rose C$1 to C$25⅛.

# Brazil leads emerging markets in December

## Approval of President Collor's tax reforms added to the surge, writes Peter Martin

After lagging behind Argentina and Colombia for much of the year, Brazil's stock market came into its own in December, to take first place among the market indices published by the International Finance Corporation (IFC), part of the World Bank.

Brazilian share prices rose 44.9 per cent in dollar terms, a strong performance stemming from growing confidence – particularly among foreign investors – that the country had started to get to grips with its economic problems. For 1991 as a whole Brazil was up 151 per cent in dollar terms, a performance which put it in fourth place in the IFC's comparisons, behind Argentina (up 392.5 per cent), Colombia and Pakistan.

Contributing to December's surge of confidence were congressional approval of President Collor's tax reforms and the signing of a letter of intent to the IMF as part of negotiations for a standby facility. Mr Michel Camdessus, managing director of the IMF, who visited Brazil in December to receive the letter of intent personally from President Collor, said the standby will probably be approved by the IMF executive board when it comes up for approval on January 22.

"Brazil is still relatively cheap," says a US broker following the market from London; the market is selling at around 6 to 7 times 1992 projected earnings. By comparison, Mexico ended the year at 14 times earnings. There is still scope for further strengthening of the Brazilian market, the broker adds, but current prices reflect the relatively high degree of country risk.

Investor interest, particularly from abroad, has continued into early 1992, says Mr Tony Ewell of BZW's Latin American section. December's best performers were the big blue chips, he adds. In particular, utilities such as Electrobras and Petrobras benefited from the government's promise to the IMF to permit tariff increases which not only match inflation but provide a real return on capital.

Colombia put in another strong performance in December, climbing 37.2 per cent in dollar terms. The market was opened to foreign investors in December, and only two foreign funds have so far applied for approval, though other applications are on their way. December's third-best performing market was Pakistan, up 30.4 per cent in dollar terms.

There were no really bad falls in the month. The worst performing emerging markets were Korea, which declined 6.8 per cent in dollar terms, and India, down 1.1 per cent in dollar terms. Both these also fell in local currency. Chile, which was just negative in dollar terms (down 0.1 per cent), actually rose slightly in local currency terms, but that gain was offset by devaluation.

For the year as a whole, Turkey halved in dollar terms, a drop largely due to devaluation. Indonesia was down by two-fifths, despite a strengthening currency. Greece fell 22.1 per cent in dollar terms.

### IFC EMERGING MARKETS PRICE INDICES

| Market | No. of stocks | Dollar terms: Dec 31 1991 | % Change over month | % Change on Dec '90 | Local currency terms: Dec 31 1991 | % Change over month | % Change on Dec '90 |
|---|---|---|---|---|---|---|---|
| **Latin America** | | | | | | | |
| Argentina | (29) | 1,284.46 | +24.4 | +392.5 | 71,114,597 | +25.4 | +787.8 |
| Brazil | (67) | 104.82 | +44.9 | +151.4 | 34,962,825 | +87.9 | +1,802.0 |
| Chile | (35) | 1,542.17 | -0.1 | +90.1 | 4,484.92 | +1.7 | +111.5 |
| Colombia | (20) | 805.55 | +37.2 | +173.5 | 4,985.20 | +39.4 | +268.8 |
| Mexico | (56) | 1,470.82 | +2.2 | +103.0 | 23,498.27 | +2.5 | +112.7 |
| Venezuela | (16) | 676.03 | +11.5 | +34.3 | 5,480.36 | +11.9 | +64.2 |
| **East Asia** | | | | | | | |
| South Korea | (77) | 285.91 | -6.8 | -16.6 | 262.31 | -6.3 | -11.4 |
| Philippines | (30) | 1,437.33 | +5.3 | +56.8 | 1,902.13 | +5.7 | +50.7 |
| Taiwan, China | (70) | 629.60 | +5.2 | -1.6 | 406.67 | +4.1 | -5.8 |
| **South Asia** | | | | | | | |
| India | (60) | 275.21 | -1.1 | +18.2 | 570.60 | -0.9 | +65.2 |
| Indonesia* | (66) | 55.73 | +4.6 | -42.8 | 61.54 | +4.8 | -39.9 |
| Malaysia | (62) | 143.81 | +5.7 | +9.0 | 161.33 | +4.4 | +9.9 |
| Pakistan | (54) | 319.29 | +30.4 | +159.8 | 511.17 | +30.5 | +194.2 |
| Thailand | (43) | 317.10 | +10.9 | +7.4 | 292.60 | +9.3 | +6.4 |
| **Euro/Mid East** | | | | | | | |
| Greece | (32) | 414.00 | +1.5 | -22.1 | 564.71 | -2.0 | -14.4 |
| Jordan | (25) | 96.52 | +6.7 | +6.3 | 172.30 | +4.1 | +11.6 |
| Portugal† | (30) | 429.21 | +11.7 | -1.5 | 369.22 | +3.5 | -3.7 |
| Turkey‡ | (25) | 85.03 | +5.5 | -53.0 | 563.83 | +3.6 | -18.5 |

Source: International Finance Corporation. Base date: Dec 1984=100. *Dec 1989=100. †Jan 1986=100. ‡Dec 1986=100.

ASIA PACIFIC

# Positive factors and bargain hunting lift Nikkei

## Tokyo

INSTITUTIONAL and foreign bargain hunting and positive fundamentals enabled the Nikkei average to post a small gain yesterday in arbitrage-dominated trading after five consecutive losses, *writes Neil Weinberg in Tokyo.*

The Nikkei closed 78.27 up at 21,775.13 after a day's high of 22,019.94 and a low of 21,662.99. The market fell 3.1 per cent the previous day. Volume came to 180m shares after Monday's 176m. The overall tendency was easier, however, declines leading rises by 530 to 384 with 185 issues unchanged, and 170 shares hitting lows for the year.

The Topix index of all first section stocks improved 4.56 to 1,624.40 after finishing at the lowest level since the beginning of 1991 on Monday. In London trading the ISE/Nikkei 50 index picked up 5.79 to 1,232.72. Japanese markets are closed today for a public holiday.

The market managed to fend off early declines in spite of a narrowing of the spread between cash and futures prices as the plunge in recent sessions enticed buyers. Prices also received support from lower interest rates, strength in the over-the-counter and bond markets and the yen's afternoon rally.

Traders nevertheless warned that the investment trust selling which has prompted recent sell-offs has not diminished, and that the market could face further losses prior to March-end book closings.

Petroleum shares firmed on overnight strength abroad, with Nippon Oil putting on Y15 to Y870. Financials also staged a rebound after recent sharp losses, Fuji Bank rising Y100 to Y2,290 and Yamaichi Securities Y32 to Y708. Auto makers and electricals recovered lost ground as well. Toyota was up Y40 to Y1,430 and Pioneer Y90 to Y3,330.

In Osaka, the OSE average moved up 52.31 to 23,198.67 on volume of 66.2m shares.

## Roundup

THE Pacific Rim put in a mixed performance yesterday, as Hong Kong reached another all-time high.

HONG KONG climbed to a new record in active trading as fund managers, reshuffling their portfolios, stocked up on laggards. There were also rumours that Sino-US talks on the protection of US intellectual property rights had reached a compromise. The Hang Seng index rose 41.70 to 4,367.61 as turnover swelled to HK$1.68bn from HK$1.33bn.

AUSTRALIA ended lower, affected by a further decline in BHP, which lost 20 cents to A$13.58. After the close, BHP announced structural changes to its steel division. The All Ordinaries index finished near the day's worst at 1,651.7, down 8.9, in turnover of A$199m, against A$218m.

Banking shares fell on speculation that further declines in domestic interest rates were unlikely. Commonwealth Bank of Australia slipped 11 cents to A$7.64 and Australia & New Zealand Banking lost 10 cents to A$4.74.

Pacific Magazines & Printing, spun off recently from News Corp, dropped 21 cents to A$3.15 on a report that the underwriter had been left with a large number of the shares.

NEW ZEALAND closed weaker as selling by foreign investors pushed turnover up to heavy levels. The NZSE-40 index receded 15.36 to 1,478.32 in turnover of NZ$31m, up from Monday's low NZ$10.7m.

Yesterday's volume was boosted by some block sales, including 4.5m shares in Bank of New Zealand which changed hands at 60 cents a share. The stock ended 3 cents down at 60 cents on the day's heaviest market volume, including the block sale, of 4.9m shares.

Turnover in Fletcher Challenge was also swollen by a block sale – 3.8m shares that were traded at NZ$3.29 apiece. The stock was steady at NZ$3.30 on total volume of 4.2m shares.

MANILA was buoyed by the overnight rise of PLDT in New York. The composite index advanced 12.32 to 1,236.66 as turnover increased to 122m pesos from 94m pesos.

PLDT appreciated 25 pesos to 940 pesos following its overnight rise on Wall Street by $1.25 to $36.25.

SINGAPORE was dominated by trade linked to the expiry of warrants. The Straits Times Industrial index moved forward 5.33 to 1,488.59 in turnover of S$110.3m.

SIA Foreign declined 50 cents to S$19.30 on continued concern that the limit on foreign ownership would be raised.

TAIWAN was led higher by financial shares as the weighted index moved ahead 42.73 to 4,947.16. Turnover remained heavy, totalling T$45.28bn, after T$54.28bn.

SEOUL rallied after three days of weakness. The composite index firmed 6.22 to 616.12 as turnover rose to Won217.2bn from Won185.3bn.

KUALA LUMPUR finished weaker following a thin day's trading on uncertainty about the economy. The composite index dipped 2.06 to 546.63, while turnover decreased to M$57.9m from M$66m.

EUROPE

# Profit fall hits Thyssen as German chemicals climb

MOST bourses were firmer yesterday, *writes Our Markets Staff.*

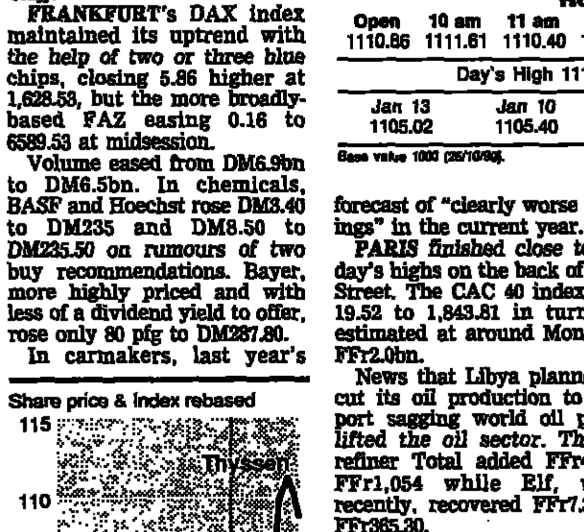
FRANKFURT's DAX index maintained its uptrend with the help of two or three blue chips, closing 5.86 higher at 1,628.53, but the more broadly-based FAZ easing 0.16 to 6589.53 at midsession.

Volume eased from DM6.9bn to DM6.5bn. In chemicals, BASF and Hoechst rose DM3.40 to DM235 and DM8.50 to DM235.50 on rumours of two buy recommendations. Bayer, more highly priced and with less of a dividend yield to offer, rose only 80 pfg to DM287.80.

In carmakers, last year's underperformers recovered a little, with Porsche rising by DM5 to DM560. Volkswagen added DM6.50 to DM307 as County NatWest noted a VW indication that profits rose by 6 per cent in the final quarter after a 17 per cent drop in the first nine months of 1991.

Ms Heidemarie Höppner of B Metzler in Frankfurt noted a return to quality among second-liners where specialist chemical manufacturers like Henkel and Schering rose by DM8 to DM562.50, and by DM8.50 to DM820 respectively. However, in steels, Thyssen fell DM2.50 to DM208 on the 42 per cent drop in Thyssen Stahl's 1990-91 profits, and the forecast of "clearly worse earnings" in the current year.

Share price & index rebased




Source: Datastream

| FT-SE Eurotrack 100 - Jan 14 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Hourly changes | | | | | | | |
| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | close |
| 1110.86 | 1111.61 | 1110.40 | 1111.38 | 1112.27 | 1112.41 | 1112.58 | 1112.87 |
| Day's High 1113.30 | | | | Day's Low 1110.38 | | | |
| Jan 13 | Jan 10 | Jan 9 | Jan 8 | Jan 7 | | | |
| 1105.02 | 1105.40 | 1100.02 | 1080.21 | 1086.06 | | | |

Base value 1000 (26/10/90).

PARIS finished close to the day's highs on the back of Wall Street. The CAC 40 index rose 19.52 to 1,843.81 in turnover estimated at around Monday's FFr2.0bn.

News that Libya planned to cut its oil production to support sagging world oil prices lifted the oil sector. The oil refiner Total added FFr45 to FFr1,054 while Elf, weak recently, recovered FFr7.30 to FFr365.30.

The building materials company, Lafarge, recouped FFr6.70 at FFr324.80 after Monday's 6.7 per cent drop. Elsewhere, Pernod Ricard, the drinks company which announced an 11 per cent rise in its interim dividend last week, added FFr38 to FFr1,431 in relatively heavy volume of 109,125 shares.

MILAN overcame a weak start as options-related selling dried up. The Comit index rose 6.94 to 537.91 in turnover estimated at around L100bn after Monday's L85bn.

Part of the day's gains were attributed to short-covering ahead of the close of the January account today. But dealers detected domestic buying in anticipation of the dissolution of parliament and the general election campaign, during which the stock market traditionally performs well.

Bargain-hunting and optimism that all the bad news was out in the open lifted the ordinary shares of Pirelli by L35 or 3.3 per cent to 1,080.

In telecoms, Sip was unchanged at L1,490 in spite of some foreign profit-taking as the stock approached L1,500.

ZURICH rose as Nestlé was reported to be considering a ten-for-one share split. The Crédit Suisse index rose 1.3 to 463.8. Nestlé bearers put on SFr120 to SFr9,000 and CS Holding, next on the active list, rose SFr50 to SFr1,875 as the market awaited the decision by the US rating agency, Moody's, on the credit rating of Crédit Suisse, CS Holding's main subsidiary.

OSLO extended its recovery with the all-share index up 6.24 to 443.13 in active turnover of NKr430m on the stronger dollar and better oil prices. HELSINKI did likewise in in the year's largest volume, the Hex index rising 7.90 to 861.20 in turnover of FM58.1m, of which free shares made up FM24.6m.

STOCKHOLM saw continued interest in Astra as its A unrestricted shares added SKr4 to SKr570 while its B unrestricted shares fell SKr8 to SKr552. The Affärsvärlden General index rose 0.6 to 958.6 in turnover of SKr417m after SKr384m.

AMSTERDAM concentrated on dollar-earners and stocks which had lagged behind in the second half of last year. The CBS Tendency Index closed 1.1 higher at 118.0.

Heineken went as high as Fl 164.90 before ending unchanged at Fl 164.10 on takeover rumours, which were dismissed by analysts as unlikely.

BRUSSELS rose in line with the rest of Europe. The Bel-20 Index added 7.08 to 1,114.86

## SOUTH AFRICA

CONTINUED demand for blue chip industrials drove Johannesburg to fresh highs. The industrial index added 37 to 4,454 while the all-gold index fell 9 to 1,251 as bullion prices eased. The overall index rose 10 to 3,644.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock | MONDAY JANUARY 13 1992: US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | FRIDAY JANUARY 10 1992: US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | DOLLAR INDEX: 1991/92 High | 1991/92 Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (69) | 148.31 | +0.7 | 121.95 | 118.87 | 121.25 | 132.52 | -0.5 | 4.19 | 147.24 | 121.68 | 118.20 | 121.14 | 133.14 | 160.31 | 112.74 | 114.05 |
| Austria (20) | 166.33 | -0.8 | 136.77 | 133.32 | 135.98 | 136.27 | +0.3 | 2.12 | 167.61 | 138.51 | 134.56 | 137.90 | 135.89 | 222.37 | 153.86 | 171.22 |
| Belgium (47) | 140.29 | -0.3 | 115.36 | 112.44 | 114.69 | 112.27 | +0.2 | 5.28 | 140.68 | 116.26 | 112.93 | 115.74 | 112.06 | 151.20 | 118.04 | 123.52 |
| Canada (115) | 139.13 | +0.7 | 114.41 | 111.51 | 113.74 | 115.76 | +0.3 | 3.18 | 138.16 | 114.17 | 110.90 | 113.66 | 115.45 | 144.26 | 126.49 | 127.40 |
| Denmark (37) | 268.11 | +1.0 | 220.47 | 214.90 | 219.19 | 222.80 | +0.6 | 1.61 | 265.41 | 219.34 | 213.07 | 218.36 | 221.37 | 273.94 | 217.74 | 220.56 |
| Finland (15) | 84.61 | +3.1 | 69.58 | 67.82 | 69.17 | 76.26 | +3.5 | 3.20 | 82.08 | 67.83 | 65.89 | 67.53 | 73.88 | 125.15 | 73.32 | 91.47 |
| France (109) | 149.55 | -0.1 | 122.97 | 119.86 | 122.25 | 125.91 | -0.7 | 3.52 | 149.71 | 123.72 | 120.18 | 123.16 | 126.81 | 152.33 | 119.11 | 121.85 |
| Germany (65) | 116.62 | +1.7 | 95.90 | 93.49 | 95.34 | 95.34 | +1.1 | 2.42 | 114.67 | 94.77 | 92.07 | 94.34 | 94.34 | 125.35 | 94.15 | 104.34 |
| Hong Kong (55) | 177.91 | -0.5 | 146.29 | 142.60 | 145.45 | 177.25 | -0.5 | 4.20 | 178.80 | 147.76 | 143.54 | 147.11 | 178.13 | 179.04 | 119.62 | 122.01 |
| Ireland (16) | 166.24 | -0.2 | 136.70 | 133.25 | 135.91 | 138.28 | -0.4 | 3.63 | 166.54 | 137.63 | 133.70 | 137.02 | 138.77 | 182.46 | 132.88 | 134.84 |
| Italy (77) | 77.03 | +0.6 | 63.34 | 61.74 | 62.97 | 68.30 | +0.0 | 3.39 | 76.58 | 63.29 | 61.48 | 63.01 | 68.29 | 88.23 | 64.76 | 72.05 |
| Japan (474) | 125.89 | -2.4 | 103.52 | 100.90 | 102.93 | 100.90 | -2.5 | 0.84 | 128.94 | 106.56 | 103.51 | 106.10 | 103.51 | 146.97 | 118.23 | 123.51 |
| Malaysia (68) | 212.49 | -0.6 | 174.73 | 170.31 | 173.72 | 222.19 | -0.7 | 2.85 | 213.87 | 176.74 | 171.68 | 175.95 | 223.75 | 247.78 | 189.18 | 199.02 |
| Mexico (18) | 1460.29 | -0.5 | 1200.78 | 1170.46 | 1193.84 | 4895.98 | -0.5 | 1.07 | 1467.75 | 1212.97 | 1178.29 | 1207.57 | 4920.20 | 1467.75 | 534.45 | 548.81 |
| Netherland (31) | 150.14 | +0.7 | 123.46 | 120.34 | 122.75 | 121.43 | +0.2 | 4.45 | 149.04 | 123.17 | 119.65 | 122.62 | 121.22 | 155.45 | 125.70 | 126.28 |
| New Zealand (14) | 46.53 | -1.3 | 38.26 | 37.29 | 38.04 | 45.39 | -1.7 | 6.05 | 47.16 | 38.98 | 37.86 | 38.80 | 46.15 | 54.64 | 41.18 | 41.56 |
| Norway (25) | 180.31 | +1.7 | 148.27 | 144.52 | 147.41 | 151.74 | +1.9 | 1.71 | 177.30 | 146.52 | 142.34 | 145.87 | 148.90 | 223.24 | 157.08 | 183.80 |
| Singapore (38) | 215.88 | -1.1 | 177.51 | 173.03 | 176.49 | 162.85 | -1.0 | 2.14 | 218.21 | 180.34 | 175.18 | 179.53 | 164.46 | 223.53 | 151.63 | 156.29 |
| South Africa (61) | 261.25 | -0.9 | 214.82 | 209.39 | 213.58 | 183.61 | -0.1 | 2.69 | 263.60 | 217.84 | 211.61 | 216.87 | 183.79 | 271.99 | 173.00 | 184.89 |
| Spain (52) | 154.99 | +0.0 | 127.45 | 124.23 | 126.71 | 117.89 | -0.2 | 4.69 | 154.99 | 128.09 | 124.43 | 127.52 | 118.18 | 171.12 | 131.51 | 131.83 |
| Sweden (25) | 181.53 | +0.4 | 149.27 | 145.50 | 148.41 | 154.32 | +0.0 | 2.89 | 180.74 | 149.36 | 145.10 | 148.70 | 154.38 | 204.12 | 146.60 | 148.06 |
| Switzerland (59) | 100.82 | +0.6 | 82.90 | 80.81 | 82.43 | 87.47 | -0.1 | 2.29 | 100.21 | 82.81 | 80.45 | 82.46 | 87.57 | 103.50 | 82.17 | 82.79 |
| United Kingdom (234) | 178.52 | +1.0 | 146.79 | 143.07 | 145.93 | 146.79 | +0.5 | 5.07 | 176.80 | 146.11 | 141.92 | 145.45 | 146.11 | 187.44 | 156.27 | 158.40 |
| USA (523) | 169.17 | -0.2 | 139.11 | 135.60 | 138.31 | 169.17 | -0.2 | 2.88 | 169.48 | 140.06 | 136.07 | 139.45 | 169.48 | 170.68 | 125.95 | 128.32 |
| Europe (814) | 145.04 | +0.8 | 119.27 | 116.26 | 118.58 | 119.58 | +0.3 | 4.02 | 143.93 | 118.95 | 115.55 | 118.43 | 119.26 | 151.52 | 125.50 | 128.62 |
| Nordic (102) | 184.79 | +0.9 | 151.95 | 148.11 | 151.07 | 149.86 | +0.6 | 2.16 | 183.10 | 151.32 | 146.99 | 150.65 | 148.98 | 200.81 | 155.55 | 156.17 |
| Pacific Basin (718) | 128.01 | -2.1 | 105.26 | 102.61 | 104.66 | 103.98 | -2.3 | 1.17 | 130.80 | 108.10 | 105.01 | 107.62 | 106.47 | 145.92 | 117.86 | 122.76 |
| Euro-Pacific (1532) | 135.12 | -0.9 | 111.11 | 108.29 | 110.46 | 110.95 | -1.2 | 2.39 | 136.36 | 112.69 | 109.46 | 112.18 | 112.33 | 147.66 | 121.29 | 124.65 |
| North America (638) | 167.25 | -0.1 | 137.53 | 134.07 | 136.76 | 165.53 | -0.2 | 2.89 | 167.49 | 138.41 | 134.47 | 137.82 | 165.80 | 168.57 | 125.91 | 126.29 |
| Europe Ex. UK (580) | 124.66 | +0.6 | 102.51 | 99.94 | 101.94 | 103.80 | +0.1 | 3.27 | 123.88 | 102.38 | 99.47 | 101.94 | 103.67 | 129.80 | 103.58 | 107.42 |
| Pacific Ex. Japan (244) | 149.00 | -0.1 | 122.52 | 119.45 | 121.83 | 134.73 | -0.6 | 3.95 | 149.17 | 123.27 | 119.77 | 122.74 | 135.55 | 153.19 | 111.40 | 113.26 |
| World Ex. US (1726) | 137.45 | -0.9 | 113.03 | 110.18 | 112.38 | 113.06 | -1.2 | 2.42 | 138.64 | 114.57 | 111.30 | 114.07 | 114.38 | 148.16 | 122.32 | 125.57 |
| World Ex. UK (2015) | 144.12 | -0.8 | 118.51 | 115.52 | 117.83 | 128.68 | -0.9 | 2.31 | 145.24 | 120.03 | 116.60 | 119.50 | 129.87 | 150.58 | 120.06 | 121.56 |
| World Ex. So. Af. (2188) | 146.36 | -0.6 | 120.35 | 117.32 | 119.66 | 129.93 | -0.8 | 2.59 | 147.23 | 121.67 | 118.21 | 121.14 | 130.96 | 153.05 | 122.92 | 124.47 |
| World Ex. Japan (1775) | 159.72 | +0.2 | 131.34 | 128.03 | 130.60 | 147.16 | +0.0 | 3.32 | 159.47 | 131.79 | 128.03 | 131.22 | 147.21 | 161.90 | 126.69 | 128.76 |
| The World Index (2249) | 147.12 | -0.6 | 120.97 | 117.92 | 120.28 | 130.41 | -0.8 | 2.59 | 148.00 | 122.31 | 118.82 | 121.78 | 131.44 | 153.70 | 123.28 | 124.84 |


Latest prices were unavailable for this edition.